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QUARTERLY PROGRESS REPORT

OCTOBER – DECEMBER 2005

EGYPT FINANCIAL SERVICES PROJECT

December 31, 2005

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.

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ACRONYMS

ABS	Asset-Backed Securities
AI	Appraisal Institute
AMCHAM	American Chamber of Commerce in Egypt
ALC	Arab Legal Consultants
AOJS II	Administration of Justice Support II
BDA	Bond Dealers Association
BOD	Board of Directors
CBE	Central Bank of Egypt
CIDA	Canadian International Development Agency
CAPMAS	Central Agency for Public Mobilization and Statistics
CASE	Cairo and Alexandria Stock Exchanges
CBE	Central Bank of Egypt
CMA	Capital Market Authority
COTS	Commercial Off-the-Shelf
COP	Chief of Party
CRA	Commercial Registry Authority
CORS	Continually Operating Reference Stations
DCA	Development Credit Authority
DO	Egyptian Survey Authority District Office
DVP	Delivery Versus Payment
DTGS	Direct Transfer Gross Settlement System
EAA	Egyptian Appraisers Association
EALB	Egyptian Arab Land Bank
EAR	Egyptian Association of Realtors
EAREA	Egyptian Association of Real Estate Appraisers
EBA	Egyptian Bankers Association
EBI	Egyptian Banking Institute
EISA	Egyptian Insurance Supervisory Authority
ECIM	Egyptian Cadastral Information Management (Finnish-funded project)
ECMA	Egyptian Capital Market Association
EDO	Egyptian Survey Authority District Office
EFS	Egypt Financial Services
ELF	Egyptian Finance Liquidity Facility
EHFC	Egyptian Housing Finance Company
EIMA	Egyptian Investment Management Association
EISA	Egyptian Insurance Supervisory Authority
EJA	Egyptian Judges Association
ELA	Egyptian Lawyers Association
EMA	Egyptian Mortgage Association
EMBA	Egyptian Mortgage Brokers Association
EPO	Egyptian Survey Authority Provincial Office
ESA	Egyptian Survey Authority
EREA	Egyptian Real Estate Association
ERESA	Egyptian Real Estate Surveyors Association
ESA	Egyptian Survey Authority
ESOP	Employment Stock Ownership Plan
ESRI	Environment Systems Research Institute
EU	European Union
FinBi	Finance and Banking Consultants International
FTC	Federal Trade Commission
FSVC	Financial Services Volunteer Corps
GAFI	General Authority for Free Zones and Investment

GIS	Geographic Information System
GOE	Government of Egypt
GSF	Guarantee and Subsidy for Real Estate Activities Fund
H&A	Hassouna and Abou Ali Law Firm
IFC	International Finance Cooperation
IFS	International Federation of Surveyors (Egypt Chapter)
IHF	International Housing Finance
ILS	International Land Systems, Inc.
IPF	Investor Protection Fund
KRA	Key Results Area
LADIS	Legislation and Development Information Systems
MBA	Mortgage Bankers Association
MCDR	Misr for Clearing, Depository, and Registry
MFA	Mortgage Finance Authority
MFC	Mortgage Finance Company
MLS	Multiple-listing Service
MSAD	Ministry of State for Administrative Development
MOF	Ministry of Finance
MOH	Ministry of Housing
MOJ	Ministry of Justice
MOI	Ministry of Investment
MOU	Memorandum of Understanding
NAR	National Association of Realtors
NASD	National Association of Securities Dealers
NCCIC	New Cairo Community Information Center
NCJS	National Center for Judicial Studies
NIB	National Investment Bank
NFI	New Financial Instrument
NUCA	New Urban Community Authority for Sixth of October
OST	Overseas Study Tour
PEA	Project Execution Agreement
PO	Provincial Office (of the Egyptian Survey Authority)
PIN	Parcel Identification Number
PMU	Project Management Unit
QPR	Quarterly Progress Report
QSIT	Quality Standards Information Technology
REPD	Real Estate Publicity Department
RETD	Real Estate Tax Department
RFP	Request for Proposal
RFQ	Request for Quotation
RO	Registry Office
SEC	Securities and Exchange Commission
SII	Securities and Investment Institute
ST	Short-term
TDL	Training Development Laboratory
UCD	Universal Cadastral Database
UNCITRAL	United Nations Commission on International Trade Law
USAID	United States Agency for International Development
WB	World Bank
YEBA	Young Egyptian Bankers Association
Z&K	Zarrouk, Khaled & Co.

Introduction

This Quarterly Progress Report (QPR) summarizes the technical assistance and applicable procurements provided by the Egypt Financial Services (EFS) Project during Quarter 4 of Year 1 (October 1 – December 31, 2005).

The EFS project divides its activities into four main tasks, each with key institutional partners and specific activities designed to achieve objectives defined in the EFS Year 1 Work Plan.

Task 1: Establish a supporting framework for the real estate finance industry

Task 2: Improve operation of urban real property registration system

Task 3: Develop framework and procedures for secured lending and new financial instruments

Task 4: Establish a broad-based credit information system

The Executive Summary provides an overview of project accomplishments to date, a list of technical reports prepared during the quarter, as well as a list of other significant materials provided to USAID and/or counterparts. Following the Executive Summary, each task's progress and achievements are presented separately. A final section addresses EFS project management and its Monitoring and Evaluation component. Annex materials provide reference for:

- EFS Year 1/Q4 Matrix of Accomplishments and Activities Status
- EFS training/events delivered during the quarter
- Direct procurements
- Short-term advisors fielded during the quarter
- EFS long-term staff

SECTION I: Executive Summary

EFS Project Overview

EFS made marked progress in achieving Year 1 initiatives, setting the foundation for Year 2 activities. Several meetings were held between COP Allen Decker and Task Leaders, as well as COP and USAID to discuss and develop the work plan for Year 2. The final portion under discussion is the resolution of the registration plan for 6th of October.

Mortgage Finance (Task 1)

Task 1 achieved a number of important institutional and sector capacity building objectives with MFA, industry associations, and stakeholders. Strong and good rapport with counterparts and stakeholders has allowed Task 1 to move forward in various areas. This has culminated in the completion of many key Year 1 deliverables including:

- An EFS/MFA MOU
- MFA Business plan with a three-year budget plan
- A professionally-staffed MFA that allows for increased capacity building and public outreach activities to take off. To date, twelve USAID-funded staff have been hired and selected staff is receiving English-language training.
- Procurement for MFA IT systems which has allowed the MFA to operate more efficiently.
- A legal concept paper that evaluates and identifies areas for improvement of current Egyptian residential model mortgage contracts, presents an overview of the related topic of consumer disclosures, and reports on the steps being taken to support and develop the Egyptian legal mechanism to foreclose a mortgage. Additionally, Task 1 prepared materials for a foreclosure seminar for judges. The seminar is scheduled for Q1 Year 2.
- Training for mortgage bankers and appraisers. Training programs served two important EFS objectives: building capacity of professional associations (Egyptian Mortgage Bankers Association and the Egyptian Association for Real Estate Appraisal) and training professionals in those fields.

Property Registration (Task 2)

Task 2 achieved several important policy, operational, and capacity building objectives with our two key partners – MOJ/REPD and ESA. Negotiations led to the execution of Bilateral Memorandums of Understanding between the project and MOJ/REPD and ESA. An overseas study tour and conference in Jordan led to forging of stronger personal relationships with key senior policy officials and operational support staff. The Egyptian delegation presented four technical papers and the workshops provided an overview of registration initiatives now underway in a number of Arab countries. Useful knowledge on best practice pertaining to title registration was gained. These steps allowed Task 2 to move forward in a many areas and facilitated a number of key Year 1 deliverables including:

- Completion of an in-depth assessment of registration policy and operational issues presented in our Inception Report
- Gradual acceptance by MOJ to reduce registration fees for transactions to affordable levels. Effective March 2006 a flat all inclusive fee of LE1000.00 should instead be levied to applicants for both deed and title systems.
- Acceptance and endorsement for establishing a one-stop window at registry offices for processing applications

- Acceptance and endorsement of integrating both ESA and REPD staff in each new registry office
- Approval by MOJ to establish a dedicated Training Development Laboratory (TDL) using EFS funds at an approved MOJ facility
- Approval by ESA to outsource the production of cadastral index maps to the private sector
- Approval by ESA to prepare and promulgate new technical instructions for preparation of cadastral index maps and; approval by ESA to implement quality assurance and controls guidelines in the supervision of field work for preparation of cadastral index maps
- Completion of both Business Area Analysis and Business Process Reengineering technical reports
- Completion of a Prototype Field Survey performed by QSIT that enabled accurate cost estimation in the preparation of our Year 2 Field Operations budget
- Preparation of a new draft regulation on Divided Co-ownership on Immovable Property
- Completion of preliminary assessment of both Deeds Law (114/1946) and Title Law (142/1964), their executive regulations and technical instructions

Financial Instruments (Task 3)

A set of proposed new regulations: executive regulations and general rules for factoring were completed this quarter. All documentation is included the report "Regulatory Framework for Factoring" (Technical Report No. 27) thus completing a Year 1 deliverable.

The car leasing company "Contact", through "Contact Securitization Company", securitized its portfolio of auto loans and issued, in November 2005, an asset-backed bond of L.E. 140 million with a 5 year maturity. The EFS team had conducted on-the-job training with the CMA fixed-income securities unit in reviewing the draft prospectus for this issue. The final prospectus was subsequently filed with and approved by the CMA and published on the newspapers to invite public investors for subscription in the bond issue in December 2005. This is Egypt's first securitization and EFS' first new financial instrument, which completes another Year 1 deliverable.

Credit Bureau (Task 4)

The rules and regulations for credit bureau operations are nearing completion and now under final review by the Central Bank of Egypt Board of Directors.

ASSESSMENTS AND ANALYTICAL STUDIES PREPARED THIS QUARTER

Title	Technical Report Number	Task	KRA
MFA Strategic Business Plan FY 2006 - FY 2008	18	1	1.1
MFA Major Policy Issues FY 2006 - FY 2008	19	1	1.1
The Payment Guarantee and Subsidy fund: Goals, Options and Recommendations	20	1	1.1
Business Process Reengineering	21	2	2.2
Business Area Analysis	22	2	2.2
Prototype Investigations and Field Survey	23	2	2.2

Data Acquisition	24	2	2.2
Important Considerations Relating to Title Registration System in Urban Areas	25	2	2.1
Concept Paper: Legal Support to Improve Mortgage Financing in Egypt: Analysis and Recommendations	26	1	1.2
Regulatory Framework for Factoring	27	3	3.2
Review and Analysis of Foreclosure and Real Property Law	28	1	1.2
Housing Market Assessment for El Maadi, Nasr City and Sixth of October	29	2	2.1
Guide to Field Work for First Registration in Nasr City, Sixth of October and El Maadi	30	2	2.1
Needs Assessment of Mortgage Finance Companies	31	1	1.3

OTHER ASSISTANCE PROVIDED DURING THIS QUARTER

- Draft Foreclosure Seminar materials delivered to AOJSII and USAID (KRA 1.5)
- Draft MFA Communication Strategy
- Draft Recommendations Paper for the Affordable Home Production Program
- Draft Cash Flow for the Affordable Home Production Program
- Draft Report "MFA Organization, Status, and Regulatory Framework"
- Draft Supervision Manual for the MFA
- RFP issued for the MFA internet leased line
- RFP issued for MFA computer supplies
- RFP issued for MFA air conditioner for the computer room
- RFP issued for MFA IT Training

SECTION II: Progress Report by Task

TASK 1: ESTABLISH A SUPPORTING FRAMEWORK FOR THE REAL ESTATE FINANCE INDUSTRY

Key Accomplishments:

- Strategic Business Plan for the Mortgage Finance Authority (MFA) FY2006-FY2008 (Technical Report No. 18)
- Mortgage Finance Authority Major Policy Issues FY2006 - FY2008 (Technical Report No. 19)
- MOU
- TOR for Housing Demand Study
- Affordable Home Production Options Paper
- Affordable Home Production Program Recommendations Paper
- Cash Flow for the Affordable Home Production Program
- Needs Assessment for Mortgage Finance Companies
- MFA Organization, Status, and Regulatory Framework
- MFA Regulatory Manuals: Supervision, Administration, Management, Liquidity, Capital, Asset Quality, and Earnings (draft)
- Legal Concept Paper to support Mortgage Finance in Egypt Covering Foreclosure, Model Contracts, and Consumer Disclosure
- Training
- Procurement
- Association Building

A. Activities Performed During Quarter

KRA 1.1: Strengthen the MFA's Institutional Capacity to Supervise the Real Estate Finance Industry in Egypt

ST Advisor Eric Abbott developed projections on the number of mortgages in Cairo for the period 2005-2015. Projections will be shared with USAID to serve as results indicators.

1.1.1: Identify GOE objectives and priorities

Terms of Reference (TOR) for National Demand Survey. In response to President Mubarak's recent pledge to have private sector developers build 500,000 low-cost housing units over the next six years, the Cabinet has requested that a nation-wide study be undertaken to confirm if sufficient demand exists and determine the geographical areas to be targeted. Sherif Oteifa, on behalf of the Minister of Investment, requested EFS assistance to prepare a Terms of Reference (TOR) for this work. In response, EFS contracted David Smith, an Affordability Advisor to draft the TOR. His work was forwarded to the MOI and MFA. At the request of the EFS CTO, Task 1 arranged for a consultant from Canada to propose another methodology to conduct the demand study for the GOE affordability program for Senior Advisor Abdel Hamid Ibrahim, MOI and Chairman Osama Saleh, MFA.

Memorandum of Understanding (MOU). The MOU, a Task 1 deliverable, was approved by the Mortgage Finance Authority's Board of Directors Resolution number 2/33 dated 8/11/2005. The MOU represents approval of the EFS 2005 work plan.

1.1.2: Establish real estate finance working group

Legal Working Group. The group, formed in Quarter 2, includes representatives of mortgage finance companies (MFCs), the MFA, and EFS. Various members of the group meet weekly to address issues impacting the mortgage finance legal and regulatory environment. Work this quarter focused on standardization of documentation and a Model Mortgage Contract. Efforts were made to engage the banking sector to standardize documents including a meeting at the MFA that included 12 banks. Due to limited responses from banks to provide comment and suggestions for document standardization, Counselor Ashraf Shoukry (Legal Consultant to the MFA) took the lead this quarter and helped finalize a standardized mortgage finance purchasing contract. The committee continues to work on other types of contracts and the basic conditions. The committee also focused on revising training material for a foreclosure seminar for judges that EFS will deliver in 2006 in collaboration with the NCJS (Ministry of Justice) and USAID's AOJSII in 2006.

1.1.3: Review and revise MFA organizational structuring, staffing, and operations

MFA Staffing. The proposed organization structure was approved by the MFA Board in Quarter1 with certain management positions staffed according to an Implementation Letter with USAID. Task 1 Advisors assisted the MFA in drafting a contract and justification memo for the amendments to positions to be funded by the USAID. Without EFS' assistance, critical staff hiring would have suffered more delays.

The Task 1 Advisors Specialist assisted the MFA to draft a letter appointing a Disclosure Manager. Additionally, Task 1 and the PA Team identified a number of candidates for the Communication Specialist position (see 1.1.9). Task 1 also provided written analysis to the COP regarding selection of a General Counsel.

As of this reporting twelve USAID-funded positions are now filled:

- Industry Affairs Advisor
- Consumer Affairs Advisor
- Internal Management Affairs Advisor
- Legal General Counselor
- Monitoring and Enforcement Manager
- Industry Liaisons Manager
- IT Manager
- Research Analyst
- Network Administrator
- IT Support Specialist
- Senior Support Coordinator
- Deputy Support Coordinator

EFS advisors also held an orientation/support meeting with the new Industry Affairs Advisor and Internal Affairs Advisor.

Staff Assessment. During this quarter, EFS Task 1 Organization Development Specialist carried out a preliminary assessment of the forty new MFA employees. Assessment findings were presented to the MFA chairman, COO and the recently hired Industry Affairs Advisor. The MFA Chairman requested that EFS arrange for a local firm to prepare a detailed assessment of new hires and existing government staff to help identify where these personnel would fit in the EFS-proposed organization structure. In response, Task 1 drafted a SOW and assisted the MFA review three local bids for the assignment. The contract to carry out an assessment of MFA human resources was awarded to Westgate and work began in late December.

Accounting Training. EFS Advisors provided training on QuickBooks to the MFA Internal Affairs Advisor and the Chairman's Senior Support Coordinator on USAID-funded staff payroll management. This included designing and installing spreadsheets for tax and insurance calculation and payroll computation, as well as opening project accounts at the Tax and Insurance Authorities.

1.1.4: Assist MFA capacity building and develop a business plan

MFA Business Plan. This deliverable was finalized after a number of review/discussion meetings with MFA executive management. An additional policy brief addressing major policy issues was also prepared. The deliverable and accompanying policy brief were delivered to USAID November 20, 2005:

- Mortgage Finance Authority Strategic Business Plan FY2006-FY2008 (Technical Report No. 18)
- Mortgage Finance Authority Major Policy Issues FY2006-FY2008 (Technical Report No. 19)

The report presents a comprehensive strategic business plan for the period covering fiscal years 2006 to 2008 and includes a three-year budget projection. A MFA mission statement succinctly defines MFA's two central objectives:

- Mortgage Market Regulation and Development
- Consumer Protection

The report also provides an analysis of MFA's current operating environment and the mortgage market's *near-term outlook*, as well as identification of the major challenges and obstacles that MFA is confronting. An organization chart illustrates MFA's major organizational units, each unit's major functions, and reporting and support relationships. MFA's projected annual expenses are broken out by major expense category over the FY2006-2008 period. The expected magnitude and type of financial support by each of MFA's two major sources of funding – Egyptian government appropriations and USAID financial assistance – is also discussed. Finally, the business plan presents the following three strategic goals for the MFA to focus on during the FY2006 - 2008 period.

1.1.5: Prepare an MFA training needs assessment plan

1.1.6: MFA training program

English Language Training. Seven MFA staff (four women and three men), received English language training this quarter. The training, consisting of nine hours of training per week, commenced December 18 and will conclude with an examination in March. The MFA nominated approximately 30 candidates for courses. Following screening and assessment, a tentative list of 10-12 participants were nominated for the training of which 7 entered the course.

The chairman requested that future enrollments be expanded to accommodate around 100 people of different skill levels with special focus on the first and second levels. EFS is exploring various options on this issue and the training team is reviewing offers by AMIDEAST, Career Development Center, and Center for Adult and Continuing Education at the American University in Cairo.

IT Training. The EFS Training Team and IT Team are coordinating on IT training for MFA staff. Training courses that require computers will be outsourced. The Training Team

worked closely with the Operations Manager on the bidding and the procuring of suitable training providers. The Training Team prepared a "Statement of Work", and compiled technical information to be used in the IT training provider bidding process. The Training and IT Teams agreed that the best approach is to begin with five basic-level courses. The teams worked together to prepare a RFP for IT training for the MFA staff. The RFP includes all technical and logistical information needed for the bidding process. The RFP has been released.

Overseas Study Tour (OST) for MFA Executives. Task 1 proposed an OST of the U.S. regulator and market institutions in March for the MFA chairman and deputy chairman. The objective of this tour is for the chairman and deputy chairman to learn more about the role and functions of the regulator, subsidy models, and credit enhancement models. Because of a number of other commitments, the chairman and deputy chairman requested that the OST be postponed until March 5-16th, 2006. This is now our new target date and the Training Team is making the necessary arrangements for visas and all other required USAID documentation. The MFA Chairman placed a request to extend the visit to enable him to attend the World Bank conference on March 15-17.

1.1.7: IT support for the MFA

EFS continues to provide immediate and long-term assistance to the MFA. During this quarter, in order to meet immediate needs, EFS provided the following:

- One notebook on loan from EFS
- One desktop on loan from EFS
- EFS IT Team also provided support to enable the existing DSL line to support email.

Local Procurement. Local procurement procedures initiated in Quarter 3 were completed in Quarter 4. The procurement covers five servers and the network. Four responses to the request for Best and Final Offer (BAFO) were received by EFS. An evaluation report, together with the contract, were reviewed and approved by the HO. Raya Integration was selected to carry out this procurement. The contract was signed by Raya and countersigned by the Chemonics HO in November. Raya conducted a site inspection with the EFS IT Team and presented a site survey results report that was reviewed and approved by the EFS IT Procurement and Operations Specialist. Installation of the power and electricity networks and 60 nodes commenced in December and is to be completed by January 2006.

U.S. Procurement. U.S. procurement was completed this quarter. Future Net (the U.S. vendor), in cooperation with its local representative, Advanced Computer Technologies (ACT), was awarded the contract. The procurement included 30 workstations, 3 notebooks, and software. ACT completed the installation of all workstations and printers in December 2005.

MFA Web Portal and IT Platform. Throughout this Quarter, the EFS IT Team met with MSAD, MOI and MFA IT representatives to discuss development of the MFA's web portal. Initial delays in making the IT platform operational occurred when MSAD did not approve the initial Microsoft proposal as they claimed it did not provide enough e-services. Following presentations by Microsoft/ITWorx, and Oracle/Asset, MSAD decided to divide the platform work between Oracle and Microsoft. Web content management, e-mail servers, and the web portal will be Microsoft products, while the database engines will be Oracle. MSAD has developed financial, human resource, and document management systems using Oracle and are willing to provide these free to MFA. These systems were recognized as requirements for MFA, and are budgeted for in the needs assessment report. The web portal is now under development. EFS IT and PA team members are assisting in this effort. The IT team prepared a top-level site map that was approved by the MFA and the PA team is assisting with content development.

MFA Internet Leased-line Procurement. The MFA Internet leased-line contract was awarded to Nile On-line. A one megabyte (MB) leased line was acquired for the MFA's web site and internet access. Due to lack of local loops connecting the Giza exchange to the MFA office, MFA will temporarily be using one of its telephone lines for the Internet. It is anticipated that a new line will be delivered within two to three months.

MFA Document Management System. The IT Systems Specialist started developing the data flow diagrams for the MFA operations.

IT Supplies. The EFS IT Procurement/Operations Specialist received HO approval to proceed with procurement of IT supplies for the MFA. The first request for quotations (RFQ) for supplies was issued. A purchase order for printer paper was completed and delivered and an air conditioner was installed in the computer room.

1.1.8: Review status of laws and examine regulatory issues.

Liquidity Facility. Task 3 is the designated EFS contact point for implementation of the Liquidity Facility and Task 1 is responsible for regulation and supervision assistance. Task 1 met with the MFA chairman to discuss the creation of the Egyptian Liquidity Facility (ELF). The Task 1 Senior Financial Advisor drafted a SOW to address the development of the regulatory framework needed. The SOW was approved by the MFA chairman. The Task 1 Team conducted a Market Overview to be incorporated into the Offering Memorandum of the Liquidity Facility Company. (See Task 3 KRA 3.1.)

MFA Regulations. ST Advisor Greg Taber delivered a draft report, "MFA Organization, Status, and Regulatory Framework". The report includes draft manuals for:

- Supervision
- Management
- Liquidity
- Administration
- Capital
- Asset Quality
- Earnings

The manuals are under review by Task 1.

Protocol with the Central Bank of Egypt (CBE). In December, the Task 1 team advised the MFA chairman on drafting a protocol with the Central Bank of Egypt. The protocol addresses a number of regulatory, reporting, and documentation issues including credit bureau operations. The Chairman met with the CBE Governor and developed an agreement on these issues.

1.1.9: Create a consumer protection and outreach function

MFA Communication and Outreach Strategy. The PA team developed a communication strategy framework for the MFA that was technically reviewed by Task 1 Senior Financial Advisor. The strategy highlights key communication and outreach activities that EFS recommends the MFA develop and implement. EFS will support the implementation of selected activities in the document and assist the MFA communication team now being created. In order to establish a communication/public outreach function at the MFA, the PA Team screened resumes for a Communication Specialist position and arranged for interviews by the chairman. EFS anticipates that this position will be filled in January.

MFA Logo and Corporate Identity. Throughout this quarter, the PA Team worked in close coordination with Task 1 and the MFA to finalize the MFA Logo. The logo has gone through several reiterations to arrive at a design that both the MFA and the MOI agree on. Finalization of the logo is pending approval by the Ministry. Based on final approval of the logo, EFS will proceed with processing MFA stationery (letterhead, business cards, etc.). This is expected to take place in January 2006.

Media Events. Throughout this quarter, Task 1 and the PA team have worked with the MFA chairman to develop a number of MFA outreach events. These events include:

Media Forum. Task 1 and the PA team are assisting the MFA to develop an event format to introduce the new chairman to the media, as well as update the media on developments in the mortgage finance industry. Initially scheduled for December, the event will now take place by the end of February. In preparation for the event, the PA team compiled a list of print and media reporters for the chairman. Also, the PA team is preparing budgets for a variety of possible venues.

Media Education Workshops. Subject to MFA access and other EFS priorities, media workshops may proceed during the first quarter of 2006.

MFA Presentation. The PA team developed a presentation outline for the MFA chairman that was presented to the Chairman on December 28. The presentation to introduces various audiences to the MFA's role in the mortgage finance/real estate industry. Content will also feed into the MFA website.

Media Interviews. The PA team is also providing assistance to the MFA chairman to arrange meetings and interviews with the press. This includes the PA drafting talking points to be presented to the Chairman. The PA team arranged a meeting for the Chairman on January 2, 2006, with Ms. Naglaa Zikry from Al Ahram, and Ms. Omaira Kamel from Al Akhbar.

On December 18, Allen Decker and Kevin O'Brien were interviewed by Mr. Ayman Abdel Hafeez from Al Mal newspaper. Al Mal published a Mortgage Financing supplement on December 25 and included coverage of the interview and showed some PowerPoint slides provided to the reporter.

Press Release on MBA Training. The PA team, in coordination with the MFA chairman, prepared a press release on the recent MBA training course. The press release appeared in Al Mal newspaper on December 11 and in Al Akhbar on December 13.

Informational Poster for the Ministry of Information. A poster, incorporating key information from Mortgage Consumer Information Booklet and Flyer developed earlier in the year by EFS, was completed. Six of the 1500 posters, delivered to the MOI October 17, were framed for use at the MOI.

MFA Portal. As reported in 1.1.7, the PA team is assisting the MFA coordinate work by the contracted web portal developer. Assistance includes preparing a brief on web content and ensuring that the site's design complies with MFA branding. The PA and IT teams are coordinating EFS efforts and assistance in this area and attend regular MFA IT committee meetings. Task 1 Technical Team has intensified work to compile technical contents for the Website.

Customer Advisory Board. The PA team will identify opinion leaders and prepare a draft plan for the advisory board.

Frequently Asked Questions. The PA team is compiling a list of frequently asked questions and model answers for three categories including “General Information about Mortgages,” “If you are considering taking a mortgage,” and “If you already took a mortgage.”

Bankers Event: At the request of the Chairman, this event has been put on hold and will possibly be revisited in February.

KRA 1.2: Required Legal, Regulatory, and Administrative Reforms Promulgated and Investment Standards and Allocation Guidelines for Long-term Investments Established

1.2.2: Review real estate legal/ regulatory framework.

The deliverable, a concept paper “Legal Support to Improve Mortgage Financing in Egypt: Analysis and Recommendations” (Technical Report No. 26) was delivered to USAID December 22. The report includes:

- Suggested improvements to the Model Mortgage Contract documents required under Egyptian law and related legal analysis.
- An overview of areas in which consumer disclosure, as it relates to home mortgage finance, can be improved.
- An overview of steps being taken by the EFS Task 1 Team to evaluate and improve the process for foreclosing a home mortgage loan.
- Suggested legal mechanism for the release of individual apartment units from developer financing agreements.

1.2.3: Provide standardized protections for borrowers administered by GOE entities for mortgage and consumer loans. (See 1.2.2.)

1.2.4: Review existing laws and regulations to determine constraints, if any, to the formation of relevant associations

EFS is addressing the formation of associations and legal requirements under KRA 1.3

1.2.5: Training to enhance understanding of mortgage finance legal and regulatory issues

As reported in 1.1.6, training in this area is to include an OST for the MFA chairman and deputy chairman. The OST is planned for Q1/Year 2.

KRA 1.3: Real Estate Professions Stimulated, Industry Brought to International Standards; Other Services Developed

Mortgage Finance Companies (MFCs)

Assessment of Mortgage Finance Companies. The final report, “Needs Assessment of Mortgage Finance Companies” (Technical Report No. 31), was delivered to USAID December 28. The objective of the assessment was to review the strategy and policies of MFCs in light of the existing legal and regulatory environment; determine what gaps exist in the MFCs internal systems and processes; and, identify potential opportunities for EFS support and technical assistance. The assessment focused primarily on EI Taamir and to a lesser extent EHFC. This is because EHFC has in-house technical assistance provided by a shareholder, Housing Development Finance Corporation. The assessment report includes

five recommendations that EFS believes would improve El Taamir operations and performance. The model, if adopted by other MFCs, would serve as a model for the industry. Recommendations include:

- Training
 - Training of Loan Officers to include introduction of a concept and definition of the Loan Officer's functions; training in sales and marketing, origination, underwriting, basics of financial analysis and credit analysis of salaried and self-employed customers, basics of property valuation, customer service, monitoring and delivering value added services to customers who are generally not sophisticated in financial matters.
 - Corporate governance training for the Board of Directors
 - Training of trainers so that as MFCs grow, new employees can be adequately trained from within the organization and a system of accreditation is developed to help form a cadre of housing finance professionals
 - Study tours to other mortgage companies in developing markets
- Introduce, develop, and work with Risk Management to better identify and manage the risk inherent in this market.
- Develop written materials including:
 - Credit and Operations policy and procedure manuals that contain clear policies, logical procedures and flexible guidelines for all staff involved in the housing finance operations
 - A re-designed mortgage customer application, loan presentations (write ups), and other internal documentation
 - Internal reporting requirements and guidelines for investor reporting
- Reassess the systems for product design, development, packaging and delivery.
- Promote industry-wide standards in housing finance through technical assistance that contributes to strengthening the mortgage companies' public image and increases the public's awareness about the opportunities and limitations of the current state of housing finance.

In discussions with El Taamir, executive-level management agreed with the assessment report's recommendations. In order to push forward and assist El Taamir, EFS prepared a SOW for a ST Credit Policy and Regulatory Advisor. The advisor will provide technical assistance for setting credit policy and procedures, internal regulations, amendments to work-flow charts, as well as assist with job descriptions for key credit staff. It is anticipated that the advisor will start work by the end of January.

Bi-monthly managerial-level meetings between EFS and El Taamir to discuss day-to-day management problems and issues were initiated. Additionally, El Taamir requested EFS assistance for training for the IT staff, a software license for a database server, and a software license for development tools. EFS is awaiting clarification from El Taamir before proceeding further.

EFS's objective is to provide short-term solutions and at the same time prioritize legal reforms most needed by the MF companies. To this end, EFS provided El Taamir with a ministerial circular to help with the registration of the tripartite contract. The new legal advisor to the MFA is assisting our efforts. This will help streamline problem-solving related to the stamp tax required when registering a mortgage finance contract. A memorandum to justify the deletion of such tax or at least the issuance of an exceptional exemption has been submitted to the Minister of Finance.

Egyptian Housing Finance Company (EHFC). EFS holds regular bi-weekly meetings with EHFC. Issues discussed include portfolio acquisition procedures, possible methods to generate new business, and legal issues, as well as possible strategies to help EHFC sell

mortgages in new development projects on unregistered lands (the developer is still paying for the land).

Banks and Mortgage Finance. Task 1 drafted a marketing plan for banks to promote EFS-related services to the industry such as training and documentation. EFS prepared the plan in order to assist MFA engage banks in the mortgage market and, ultimately, generate volume lending in the sector. The marketing plan includes a list of banks involved in the mortgage industry, as well as banks interested in starting a mortgage finance division.

1.3.1: Identify and prioritize associations

Work in the area of associations focused on three main areas this quarter:

- Move forward on developing an association capacity building strategy through an EFS association development plan
- Initiate creation of an association that represents and serves realtors, brokers and developers
- Continue to build upon and implement training programs developed in conjunction with U.S.-based organizations and local EFS partner associations

EFS Association Development Plan. Throughout this quarter, EFS continued to work very closely with two targeted associations recognized as crucial to development of Egypt's real estate and mortgage market:

- Egyptian Mortgage Association (EMA)
- Egyptian Association of Real Estate Appraisers (EAREA)

In order to provide much needed training in the areas of mortgage finance and appraisal, EFS twinned these respective associations with two internationally recognized training providers: the Mortgage Bankers Association and the Appraisal Institute. To further strengthen the associations, EFS introduced an association development plan that provides uniform assistance to targeted associations. This quarter, EFS focused on assisting the associations to develop a strategic plan, hire full-time staff including an association executive manager, organize events, and develop membership development and communication plans. Workshops for association BODs conducted by a U.S. Association Development Specialist, are planned for February. The series of workshops will assist the associations to prepare and complete associations' strategic and business plans.

As part of EFS' association development and capacity building assistance to partner associations, EFS has developed training programs in cooperation with the associations. The training programs both delivered and under development (see Activity 1.3.4 for specific training reporting), will reside with the associations and fees charged by the association will assist the association become more financially self-sufficient. According to Egyptian Law, associations must obtain approval from the Ministry of Social Affairs before receiving funds generated from cooperation with any foreign entity. Therefore, to push this initiative forward, EFS has developed and received a SOW approval for a facilitator. The facilitator will work with the associations to compile the required documents. The facilitator will report to EFS Association Development Specialist, who will coordinate closely with the associations' secretary generals and treasurers. The facilitator is expected to start work in January 2006.

General Secretary of the IVSC. EAREA's application for membership in the General Secretary of the IVSC was accepted. Membership was supported and recommended by EFS appraisal consultants. The EAREA is interested in sending a delegation to WAVO first international symposium in March 2006. A request for EFS assistance will be developed.

Association for Real Estate Brokers. EFS worked throughout this quarter to coordinate with real estate professionals to establish an association that represents and serves realtors, brokers, and developers. In coordination with the chairman of Egyptian Real Estate Association of Alexandria, Dr. Ali Mehilba, and Mr. Fathallah Fawzy, chairman of Real Estate Alliance, EFS convened a meeting of key stakeholders on November 28 at the Conrad Hotel. The meeting was attended by representatives from seven real estate brokerage agencies, two property management companies, and seven real estate developers that have established sales and marketing departments.

1.3.4: Identify training needs, develop curricula, and implement training.

Mortgage Training. EFS, in cooperation with the Egyptian Mortgage Association (EMA), the Egyptian Banking Institute (EBI), and the U.S.-based Mortgage Bankers Association (MBA), delivered the “Egyptian Primary Mortgage Market” course. Fourteen participants took the five-day course which ran December 4 - 8. The course was co-instructed by the MBA and EMA trainers. The EMA trainers are the product of the TOT session of the same course that took place in September 2005. For the first time, this training included staff from banks. Subsequently, EFS has received numerous requests from banks to be included in the upcoming courses. Also, six of the participants were a direct result of EMA’s very active marketing of the course. Preparation for the course also included coordinating with the PA team on the design of the certificate, and coordinating with EBI on the reproduction of course material including the use of logos on course binders and certificates. EFS local Legal Advisor Shamsnoor Abdel Aziz, delivered a legal presentation during the course. Fees collected for the course will be held by EBI until the EMA receives necessary approvals from the Ministry of Social Affairs (see reporting under Activity 1.3.1).

MOU for EFS/Egyptian Mortgage Association (EMA)/Egyptian Banking Institute (EBI).

The Training Manager prepared a draft MOU addressing the delivery of a series of mortgage finance courses in cooperation with the EMA and the EBI. The MOU covers the division of responsibilities among the three parties and stipulates that profits resulting from the courses are to benefit the EMA. EFS responsibilities include developing the materials and partaking in the participant selection process. EBI’s responsibilities include marketing the course, printing the materials, providing the facilities, arranging logistics, and administering the exam.

EMA Vice Chairperson Hala Bassiouni, requested that she play a central role in finalizing the MOU for EFS/ EMA/ EBI. This is partly in response to resolve two significant challenges while organizing this course:

- *Branding.* This issue arose while producing the course brochure, course material front cover, and the certificate. EBI wanted the EBI logo prominently displayed on all material. EFS emphasized to EBI that EFS worked with the MBA to develop the course for the EMA, and that the EMA will eventually own the rights to the course material. USAID branding policy could not be compromised.
- *Course Fees.* In order to determine the course fee, the training team requested that EBI provide EFS with their non-profit partner pricing structure. Due to the EBI internal procedures for determining the costs, which is done through a pricing committee and the absence of the two key decision makers, the final explanation of the cost structure was submitted to EFS only one week before the course was scheduled to begin. Consequently, the course fee was determined on the same day and the brochure was sent out later than initially planned. This resulted in lower-than-expected participation (EFS anticipated at least 20 participants). However, the December session was partially intended to also train EFS local trainers while

coupling them with the U.S. MBA trainers to conduct the training course. Thus, the participants added up to 20, including six local trainers in the classroom.

It should be noted that the MFA Chairman is keen to see additional training programs developed and delivered as soon as possible. In response, EFS Task 1 and Training Teams are exploring other options whereby the Egyptian Mortgage Association can cooperate with other institutions to deliver training programs.

Appraisal Training. During this quarter two appraisal training courses were delivered: Market Analysis and Highest and Best Use, and International Valuation Standards. Both courses are the result of a six-month collaborative effort with the U.S.-based Appraisal Institute (AI) to adapt pre-existing AI material to the Egyptian context. The effort serves to unify and standardize appraisal courses offered in Egypt and have MFA approval of the courses. The EAREA will own the rights to these courses.

“Market Analysis and Highest and Best Use” TOT. Eighteen participants attended the two-day training delivered on December 13 and 14. The course was delivered by Appraisal Institute experts, Mark Bates and Jim Vernor. All participants, except for one, completed the course and passed the exam. Two AI experts also delivered a two-day course orientation session to prepare the local instructors for the training events, and four days for finalizing the adaptation of the course material of the “Appraisal Principles” and “Appraisal Procedures”.

IVS Course. EAREA Chairman Dr. Anis, and Khaled Rasakh, Chairman of the Egyptian Mortgage Brokers Association (EMBA), co-instructed the one-day course on December 15. Eighteen participants from the EAREA attended. All participants, except for one, completed the course and passed the exam.

KRA 1.4: Stable Term Funding Established and Loans Originated

1.4.1: Identify and contact primary lenders and investigate current lending practices. (See 1.3.)

1.4.2: Develop training programs targeting mortgage companies

“Needs Assessment of Mortgage Finance Companies” (Technical Report No. 30) includes recommended training for mortgage companies. See KRA 1.3.

1.4.3: Initiate quarterly check of loan data.

Task 1 Mortgage Loan Database. The following table reports loans tracked during this quarter.

(In '000 EGP)						
Company name	Value			Volume		
	10/31/2005	11/30/2005	12/15/2005	10/31/2005	11/30/2005	12/15/2005
EHFC Total*	67,000	70,200	67,676	235	260	244
EI Taamir Total	13,257	13,300	14,925	60	61	73
Grand Total	80,257	83,500	82,601	295	321	317

* Decline in the figure is due to paid off loans.

Loans in default. There is currently one case at El Taamir Mortgage Company. El Taamir plans to pursue formal legal action, such as foreclosure, if payment is not made within 90 days of the payment due date.

1.4.4: Review current status of guarantee and subsidy fund programs

The Guarantee and Subsidy Fund. A Task 1 deliverable “The Guarantee and Subsidy Fund: Goals, Options and Recommendations” (Technical Report #20) was completed and delivered to USAID on December 15. The report was prepared by David Smith and Task 1. ST Advisor David Smith prepared additional documents including a six-year cash-flow projection for the GSF, a “Recommendations Paper” that includes a description of the Affordable Home Production Program, with a list of comments, questions and recommendations that are intended to stimulate discussion among the GSF and other policy makers putting the program together. An “Options Paper” was also presented among the deliverables made by the Affordability Consultant. The MFA chairman and his deputy built on the model developed by Smith and gave a presentation to the Prime Minister on the 500,000 units related to the presidential campaign. This work is in support of a GOE plan for the GSF to create 500,000 new affordable homes within six years.

KRA 1.5: Enhanced Capacity of Courts to Mediate/Adjudicate Real Estate Lending (enforce foreclosure)

Foreclosure Seminar. The Task 1 and Training Teams are coordinating with Counselor Shakib, Head of the National Center for Judicial Studies (NCJS), and the AOJSII project to prepare and deliver a workshop on foreclosure law, the process, and important foreclosure issues to judges. In preparation for the planned early 2006 seminar, draft training materials were developed by Marc Albert and Katherine Sutcliffe Becker, ST legal experts. The draft materials were also delivered to USAID; the USAID AOJS II Project was provided a set on December 28 for review and comment.

A letter to the MOJ requesting approval of the seminar was prepared by EFS and signed by the MFA chairman.

B. Activities Scheduled for Next Quarter

- Finalize the MFA Portal
- English Training for MFA staff as part of the capacity building
- HR assessment for MFA staff
- OST Training for MFA chairman and his deputy
- Regulatory support to the MFA
- Assist MFA in implementing a Call Center
- Scheduling foreclosure seminar for judges

C. Challenges Encountered and Proposed Remedial Actions

- *English Training Course:*

Challenges: USAID informed the EFS Training Team that no new nominations are being accepted for the usual AmidEast English Training. This creates a challenge to meet MFA requests as the Chairman requested more than a hundred persons be trained in levels 1-2.

Remedial Action: EFS Training Team will explore other training providers to meet MFA needs.

- *OST Training:*

Challenges: The MFA chairman requested that the visit would be scheduled during March 5-16 and to incorporate the World Bank Global Housing Finance Conference as well during the period March 15-17.

Remedial Action: EFS Training Manager is working with the USAID to get approval and a visa waiver.

- *MFA Portal and Call Center:*

Challenges: The MFA chairman and the MOI Minister announced that the launch should take place during the first week of February.

Remedial Action: EFS is dedicating more resources to meet MFA needs.

- *Foreclosure Seminar for Judges:*

Challenges: The foreclosure issues likely to be explored and discussed with the judges during the seminar, are time sensitive and extremely important. Scheduling and finalizing this kind of event is expected to be a very time-consuming process.

Remedial Action: EFS will continue to coordinate with AOJSII, another USAID Program, and the MFA to proceed in a timely fashion with the Ministry.

TASK 2: IMPROVE OPERATION OF URBAN REGISTRATION SYSTEM IN THE MINISTRY OF JUSTICE

Key Accomplishments

- *Housing Market Assessment*
- Completed Business Area Analysis (BAA) and Business Process Reengineering (BPR) reports *BAA*
- *Completed the collection of datasets*

A. Activities Performed During Quarter

KRA 2.1: MOJ and ESA Establish Strong Working Relationship and Commitment to Improve the Registration System in Urban Areas

2.1.1: Develop a common vision and policy mandate with our partners for urban registration.

World Bank (WB). At the start of the EFS project, the WB requested that EFS assist both MOJ/REPD and ESA in the review and formulation of project components and priorities under the proposed World Bank loan. Throughout this quarter, EFS worked with the WB to review/ discuss EFS progress to-date on real property registration. Preparatory notes relating to ESA's requirements were prepared by EFS, discussed with ESA and ESA submitted a preliminary proposal for World Bank review in early October 2005. Similar notes for MOJ/REPD are being prepared and continued review/discussion is planned over the next quarter. Further refinement to these proposals is anticipated prior to the next Bank visiting mission now scheduled for February 2006. EFS met with Mr. Deane Jordan, Lead Operations Officer and Task Manager for the proposed WB follow-up loan on October 5 to review/ discuss EFS progress to-date on real property registration. We reported that our legal team was close to finalizing an initial draft on a proposed regulation on Divided Co-ownership of Immovables for further review by MOJ and the WB. The draft regulation was subsequently delivered to the WB in late October. The EFS focus is now on redesigning initial systematic title registration and adjudication processes to introduce preparatory title registration in two selected urban districts: Nasr City and Maadi. EFS confirmed that we shall continue to assist both MOJ/REPD and ESA to formulate proposals on program components and cost estimates anticipated in the WB loan based on and in response to ongoing Aide-Memoires issued by the WB. At the WB's request, another meeting with EFS occurred on October 12 to review/ discuss program content and timetable and to discuss the potential role and plans of MSAD in urban registration. EFS confirmed that, at that time, we had no knowledge or information on the MSAD role or plans with respect to urban registration. However, in December, a number of meetings with Mr. Emad Hassan, MSAD, were held and EFS was informed that MSAD are moving forward with plans to register properties in 9 urban districts. Funding has been obtained and MSAD are currently preparing bid tender documents to award contracts to private companies for the design and development of software applications for title registration. EFS responded by exploring ways in which the EFS project can be more beneficial to MSAD – most notably, by increased cooperation in the Sixth of October urban district. Review and consultation with USAID and our partners on this issue are ongoing.

Sixth of October. Based on an emerging consensus among a number of counterparts and stakeholders this quarter, EFS included Sixth of October in the housing market assessment study and identified several cadastral zones as candidate areas for first registration. To investigate, EFS met twice with Coldwell Banker representatives in November to review and

discuss market characteristics and housing demand in Sixth of October. We also identified cadastral zones and formulated a list of prominent active developers in Sixth of October. Several field visits to the Sixth of October area were conducted to investigate built developments for inclusion in cadastral zones where we plan to operate and implement title registration. To better identify available data resources and ascertain what information is on file pertaining to development in that area, EFS met with both the New Cairo Community Information Center (NCCIC) and the New Urban Community Authority for Sixth of October (NUCA). We learned that substantial information in digital form exists for parcels, developers, and end borrowers. However, access to this information remains an issue. At our meeting on November 26 with Vice Chairman Eng. Ashraf Mahmoud (NUCA), EFS requested information on approved developments for the Sixth of October, such as maps, data on parcels, buildings and number of units, and an assessment of how many of these are in an active sales mode. We were informed that NUCA maintains a database that monitors built construction and tracks the financial contracts between the Authority and developers, construction loans between banks and developers, and the number of installment sales contracts entered into between developers and end purchasers. This information is of considerable value to both Task 2 and 1. However, EFS was informed that access to and release of any such information can only be authorized through a written request from a government agency. Once again, this raises the importance of the need for a suitable forum (such as the proposed Advisory Committee under the Minister of Investment) and this remains an important priority for early 2006.

With the possible inclusion of Sixth of October as a candidate district, EFS visited the EPO in Giza on November 23 to assess its operation. We found that this EPO has no computers or automated applications and requires a significant IT upgrade. A cost provision to achieve this is included in the EFS proposed Year 2 budget. EFS then visited the EDO in Sixth of October on November 28 to ascertain what data exists for cadastral maps, mutation forms and pending applications. We were informed that approximately 3000 applications are in process with a primary driver being the need to register to obtain mortgage finance. Task 2 met with Task 1 to review criteria used in the selection of cadastral zones and Task 1 prepared a list of potential developments for registration based on inputs from banks and mortgage lenders.

Anecdotal evidence from field visits/discussions with developers indicates that sales installment contracts are the prevalent mode of financing acquisition by end purchasers from developers. Work on finalizing the selection of cadastral zones for Nasr City and either Sixth of October or Maadi, is well underway with a draft report presented to and discussed with EFS management, Counselor Mamdouh, MOJ and Chairman Hisham, ESA, during December 2005. EFS met with the Real Estate Taxation Authority (RETA) on November 27 to determine what tax record information is available in Sixth of October. We were informed that no tax records exist for Sixth of October and that RETA is in the preparatory phase of organizing and preparing its initial tax assessments for Sixth of October.

ST Urban Land Administration Advisor David Sims completed a draft report identifying proposed cadastral zones/areas in which EFS may operate in 2006. As described above, this report was presented and reviewed internally and with our partners. A corollary report that provides a housing market assessment for Nasr City, Maadi and Sixth of October, is being finalized. The report will include:

- A housing typology breakdown
- Quantitative and qualitative data for the housing stock
- Assessment of household demand characteristics
- Assessment of supply-side distortions in the production and maintenance of the housing stock

- An affordability analysis by income group linked to desired product range

In light of these developments and findings from information gathering in Sixth of October, Task 2 recommends that the Sixth of October New Communities Board become an institutional partner within the registration component and be represented on the project wide Advisory Committee now being formulated under MOI.

In preparation for Year 2 work, Task 2 Team Leader, Dougal Menelaws, met a number of times with Task 2 counterparts Chairman Hisham, ESA and Counselor Mamdouh, MOJ/REPD to review progress to date. They also discussed the proposed approach to field survey services related to preparing the survey book for first registration, to present proposed methodology for field survey services and the use of private companies, and to discuss the EFS Year 2 work plan.

In meetings with Counselor Mamdouh, timetable for the bid tender and award process for TDL equipment was presented. Written confirmation of the site location for the TDL was provided by MOJ in a letter signed by Counselor Awad.

Environment Systems Research Institute (ESRI) Users Conference. Task 2 team members, Hassem Hemeda and Fatma Kader and ST consultants, Peter Rabley and Sergey Lizenko, attended several sessions of the Environment Systems Research Institute (ESRI) Users Conference held in Sharm El Sheik December 5-8. The conference was a useful forum to review the national registration program under preparation by MSAD.

2.1.2: Identify GOE objectives and priorities for urban registration

EFS continued this quarter to work with both ESA and MOJ/REPD in formulating and identifying project components to be funded by the proposed World Bank loan. The World Bank has informed us that \$30 million is provisionally set aside to finance production costs of urban registration.

EFS learned that MSAD intends to introduce title registration in Sixth of October and have prepared bid tender documents for a broad range of services to support title registration. As a result, ST consultant Peter Rabley, Tarek Wahby, QSIT met with Emad Hassan, MSAD on December 11 to initiate and discuss steps for greater collaboration between EFS and MSAD. Proposals and measures to achieve improved collaboration were prepared and submitted to management for further review and consultation with USAID our partners.

2.1.3: Reengineer, simplify, and propose automated technical processes for use within the registry and ESA

Business area analysis and business process reengineering for title registration report deliverables were finalized this quarter

Technical review sessions with our counterparts are ongoing. The following reports were delivered to USAID December 15:

- Business Process Reengineering (Technical Report #21) Task 2
- Business Area Analysis (Technical Report #22) Task 2

2.1.4: Create advisory committee under the direction and coordination of the Ministry of Investment

Advisory Committee. An EFS-drafted report on the creation, role and composition of an advisory committee, to be formed under the direction and supervision of the MOI, was delivered to MOI.

2.1.5: Identify, confirm, and evaluate existing technical processes for both ESA and MOJ/REPD.

This task completed with principal findings and recommendations presented in EFS Inception Report submitted in June 2005. More detailed assessment is incorporated in our Business Area Analysis Report (No. 22) and Business Process Reengineering Report (No.21).

2.1.6: Carry out a preliminary assessment of capacity building requirements for each agency.

This quarter a preliminary assessment of required organizational changes to support reengineered business processes was commenced. The preliminary assessment was integrated in Technical Reports Nos. 21 & 22.

2.1.7: Assess customer attitudes to registration

An initial consumer attitudinal/perception survey by PA is completed. A housing market assessment report for Nasr City, Maadi and 6th October prepared by David Sims and the EFS team, was submitted to USAID end of December 2005. (Technical Report #29).

2.1.8: Assess regulatory and legal changes necessary to support registration

Legal Review. This quarter, internal working reports are completed. Two ST legal advisors, Justin Holl and Richard Gaynor, identified specific articles in Law 142/1964 that merit change, as well as revisions/amendments to a number of executive regulations. Proposals on systematic first registration and legal issues were also prepared. Proposed legal reforms will be organized into short-, mid- and long-term priorities for review with our counterparts.

Divided Co-ownership of Immovable Property. EFS submitted an initial draft for a proposed regulation on divided co-ownership of immovable property for review/discussion with the MOJ and World Bank. Legal specialists, Justin Holl and Richard Gaynor reviewed in detail regulatory reform required for key regulations and technical instructions pertaining to title registration. Proposed legal reforms will be organized into short-, mid- and long-term priorities for review with our counterparts.

Operational Constraints in the Registration of Mortgages. At the request of Ms. Hala Adel Bassiouni, CEO, Egyptian Housing Finance Company (EHFC), our legal specialists met with EHFC on October 11 to review operational constraints in the registration of mortgages. We learned that EHFC has issued approximately 250 mortgage loans since February 2005. Because these loans remain unregistered, they may more properly be described as promissory notes. The effect of registration makes them mortgage loans. Loans that have been issued by EHFC, therefore, required BOD approval. However, the clear intent/stipulation is that these loans will be registered.

2.1.11: Develop a media education program and communication strategy.

EFS Land Formalization and Community Development Specialist, Dr. Raewyn Porter, presented proposals on field methodologies to collect owner documentation claims and public outreach and education campaigns to REPD officials Messrs. Zeinhom and Ismael on November 22.

Dr. Porter and the PA team met to review and discuss strategy for public awareness and education on the benefits of registration. A draft communications strategy was agreed upon and will be presented to our counterparts. Additionally, Dr. Porter met with several NGOs and institutions that have experience in conducting door-to-door campaigns. A focus group discussion with a building union (group of owners/tenants) was held to gauge likely response to the information forms/questionnaires being proposed for first registration. Dr. Porter is actively engaged in defining public outreach and education campaigns required to support first registration.

The PA team prepared a list of possible public awareness activities for the preparatory registration initiative in Nasr City, and either Sixth of October or Maadi. The proposed activities are based on meetings with Task 2 and ST Land Formalization Specialist Raewyn Porter. Follow-up meetings with Task 2 Team Leader Dougal Menelaws resulted in defined tasks assigned to PA in our Year 2 Work Plan.

KRA 2.2: Redesign and Automation of Business Processes for Application in Two REPD and ESA Model Office Locations

During this quarter, EFS prepared a schematic overview of proposed first registration processes for review and discussion with counterparts. This material was reviewed with REPD senior staff Messrs. Omar Ismael and Mohammad Zeinhom on October 18 and 24. The same material was reviewed with ESA Senior Staff Chairman Hisham and Mr. Shoukri on October 19 and 25. Based on review comments, a final draft proposal is under preparation for submission/review with both MOJ/REPD and ESA. Also, ST Systems Development Experts, Messrs. Sergey Lizenko and Maksym Kalyta, worked with two QSIT system developers, Ms. Rehab Nour and Ms. Khoulood, to develop functional specifications for applications necessary for first registration, subsequent transactions and the urban cadastre. Cost estimates to conduct/prepare cadastral plans for buildings and apartment units were finalized and are presented in a report prepared by ST Cadastral Survey and Mapping Specialist, Noel Taylor. These cost estimates are based on cost data derived from the recently submitted field survey prototype report prepared by QSIT. The same information was given and shared with Mr. Emad Hassan in a meeting with Task Leader Dougal Menelaws in early December. Preliminary discussions on the proposed first registration processes took place with Counselor Mamdouh in December.

2.2.1: Address functionality requirements of registry offices

Senior Systems Analyst and Document Management Specialist Sergey Lizenko and IT Systems Specialist Maksym Kalyta drafted a report, "System Requirements Specifications for the Title Registration System". The report is now in final edit.

2.2.2: Address capabilities of proposed applications to manage all aspects of land records.

Our Systems Development team, Lizenko, Kalyta, Khoulood and Nour, conducted a number of internal meetings to prepare functional specifications for system applications for both first registration and subsequent transactions. Mr. Peter Rabley, Registry Systems and Cadastre Advisor, reviewed and is finalizing proposals for review by management. A draft final report is under final edit. However, it has been agreed with our counterparts that the first registration phase requires further analysis particularly on what technology can be usefully applied to capture field data.

2.2.3: Design automated systems to capture, maintain, and manage survey data and cadastral information

Messrs. Lizenko and Kalyta prepared functional specifications in preparation for system development in Q1 Year 2. Final draft functional specifications were prepared and are incorporated in a draft report "System Requirements Specifications for Egypt's Title Registration System". The report is in final edit.

2.2.4: Introduce steps within the application design to facilitate and strengthen adjudication processes

Proposals to improve adjudication are addressed in Task 2's technical approach and field methodology to introduce title registration (first registration). These have been presented and discussed with both REPD and ESA. We continue to meet with counterparts to achieve consensus/ratification of proposals.

2.2.5: Analyze, evaluate, and identify the IT platforms required to support the business applications

The Task 2 and IT teams completed the USAID Information Resource Management (IRM) requests for approval for the Training Development Laboratory at the Ministry of Justice. IRM approval to proceed with the IT tender for TDL equipment was received December 7. The IT Procurement/Operations Specialist prepared the IT systems RFP. The Home Office approved the RFP on Dec 30, 2005 and the RFP was issued on Jan 02, 2006. The timetable to have the TDL fully operational remains the end of March 2006.

2.2.6: Embed a property locator system within the design application

A Briefing Paper on Real Property Identifier Options (Technical Report No. 13) was submitted, reviewed, and discussed with MSAD and ESA in Q3. The same paper was translated and presented to MOJ. Further review/analysis/consultation is ongoing by the EFS team. The English version report was delivered to USAID August 28.

2.2.7: Work with our counterparts to identify IT system needs/capabilities and review technology options.

An assessment of existing IT capabilities and applications in use at REPD and ESA offices is complete with findings and recommendations included in the Inception Report.

KRA 2.3: Implementation Plan for Two Real Estate Publicity Department (REPD) and Egyptian Survey Authority (ESA) Model Office Locations

2.3.1: Develop criteria for model office selection.

Detailed floor plan layouts and an equipment quantities list for model offices were submitted, reviewed, modified and accepted by MOJ. MOJ has agreed, in principle, to lease two new office spaces in which to make the EFS preparatory title registration operational.

2.3.2 Prepare implementation plan for each model office, including technical assistance and training support

Commenced with completion set for Quarter 1 2006.

2.3.3: Collect and generate datasets.

In Quarter 3, EFS received approvals from ESA to conduct an initial prototype survey of six blocks located in Nasr City and Maadi to test and evaluate cost-effective methods in

obtaining survey data. Data such as block area, block number, parcel number, building number, floor plan and unit numbers are being collected, collated and digitized in map form. Quality Systems for Information Technology (QSIT), a project subcontractor, carried out this assignment. Data acquisition and survey prototype information was submitted to Task 2 on October 5. On October 11 EFS conducted a field survey review of Sectors 1, 3 and 5 of Nasr City to review/validate findings contained in the QSIT prototype report pertaining to cost-effective survey methods to acquire field survey data. The data will be used in ongoing work to formulate cost estimates to conduct field operations in two selected cadastral zones and assist EFS in assessing housing markets and typologies in Nasr City, Maadi, and Sixth of October.

The two QSIT reports were reviewed, finalized and delivered to USAID December 15. The reports are:

- Prototype Investigations and Field Surveys Report (Technical Report #23)
- Task 2 Data Acquisition (Technical Report #24)

2.3.4: Design a multi-component training program

ST Senior Systems Analyst Nigel Edmead, worked with EFS training team to review and prepare course training outlines to support first registration and a list of training courses to be conducted at the TDL and ESA Training Center. A series of courses for both private sector personnel and REPD and ESA staffs were identified and incorporated into Task 2's Year 2 training plan. The emphasis and focus of these training courses is to support the first registration process and the creation of the initial register of titles. EFS has proposed outsourcing a number of field data collection activities to the private sector under a series of performance-based contracts. All private sector personnel will undergo training at either the TDL or ESA Training Center on a fee-basis. REPD and ESA personnel assigned duties in the first registration phase will also undergo training. Training materials/manuals will be prepared for completion in Q1 Year 2. Training programs are included in the Year 2 Work Plan training plan matrix.

The following KRAs are planned for Year 2:

KRA 2.4: Replication Plan for Upgraded Registration System

KRA 2.5: Mechanisms to Resolve Land and Real Property Disputes

KRA 2.6: Potential Scope for Private Sector Participation in Registration

2.3.6: Public awareness activities

Press Releases. The PA Team developed two press releases on Task 2 achievements. One covered the Jordan Symposium held in September; the other covered the Real Property Registration in Egypt presentation that was delivered to AmCham on September 27, 2005. A comparison between deed and title systems with illustrations was prepared by Team Leader Dougal Menelaws for inclusion in the EFS January 2006 Newsletter.

Registration Leaflet. The PA Team prepared a draft outline for a leaflet. The leaflet is a general information leaflet explaining registration concepts and the importance/benefits of registration. The PA Team was supported by CID ST Consultant Rania Rashed.

B. Activities Scheduled for Next Quarter

1. Priority will be given to making the Training Development Laboratory (TDL) operational by end March 2006. RFP documents for procurement of the IT component will be issued by EFS IT early January 2006. RFP documents for

furniture and site preparation services will be issued in late January 2006. Counselor Awad, MOJ, provided written confirmation to EFS of the site location for the TDL on 27 December 2005.

2. EFS will continue to prepare an operational and resource plan to implement first registration.
3. This work represents a complete team effort and is multi-disciplinary. Our legal team – Messrs.Holl, Gaynor and Gameil Ibrahim, cadastral team – Taylor, Mosaad Ibrahim and Fatma Kader, training team – Nigel Edmead and two unnamed local STs, and our system development team – Lizenko, Kalyta, Kholoud and Nour, will all contribute to the design of the plan. Discussions with counterparts will be continuous and incremental as we proceed.
4. EFS will prepare training materials for both trainers and participants to undertake first registration fieldwork (ESA, REPD and private sector).
5. EFS will prepare draft Technical Instructions/Guidelines on first registration for review and adoption by ESA.
6. EFS will prepare draft Quality Assurance and Control Guidelines pertaining to first registration for review and adoption by ESA.
7. EFS will prepare technical specifications and quantity estimates to procure survey equipment necessary to train and conduct field survey operations in support of first registration.
8. Functional specifications for applications for first registration, subsequent transactions and the urban cadastre will be finalized and reviewed with counterparts.
9. EFS will prepare a remedial action plan and set of options to improve/upgrade the urban deeds system (Law 114/1946) for Government and USAID review.
10. Team Leader Dougal Menelaws will prepare a PowerPoint slide presentation on the merits of first registration, why it is needed, why it is a government imperative and cost of doing business (not a subsidy), all intended to reaffirm at a policy level the importance of first registration.
11. EFS will continue discussions with MSAD to determine how EFS can cooperate and contribute to the national registration program – particularly cooperation on the system design for title registration and proposed registration of properties in Sixth of October.
12. EFS will assist counterparts identify programmatic and component needs for WB funding. The next WB mission is scheduled for early February 2006.

C. Challenges Encountered and Proposed Remedial Actions

1. EFS requires a senior level coordinating policy forum to guide, direct, respond, and achieve consensus on project objectives and initiatives. Given the multi-agency institutional arrangement for registration and lack of such a forum, approvals to ensure timely implementation are at jeopardy. We recommend that the proposed high level Advisory Committee, appointed by the Minister of Investment, be constituted and made effective as soon as possible. Without such a forum, and with the introduction of new stakeholders such as the Ministry for Housing and New Community Boards, EFS is unlikely to remain on schedule with our proposed timetable for implementation. The proposed forum should convey another major benefit – broader recognition and buy-in of EFS objectives, trade-offs between agencies and eventual consensus and confirmation on policy direction as well as introduce a sense of urgency in supporting necessary approvals to perform our Work Plan.
2. Counterpart asking EFS assistance on implementation of operations.
3. The role of EFS in supporting national registration initiatives by MSAD remains undefined. We propose that discussions continue with MSAD to establish a framework of cooperation. However, any such agreement should have the support of both ESA and MOJ/REPD under some form of signed protocol. It is recommended that Gregg Wiitala, CTO, USAID and Allen Decker, COP, EFS Project, engage with MSAD to explore and confirm a suitable arrangement/protocol.
4. Both MOJ and ESA have expressed their interest in WB funding to support institutional reforms, modernization of operations, and operational cost support for increased urban registration (particularly first registration). However, WB negotiations to date, have been conducted primarily with MSAD and there is no clear indication that MSAD supports the use of WB loan funds to expand urban registration. It remains unclear on how GOE intends to fund extensive first registration. Without a funding source for first registration, properties will remain unregistered and beneficial effects from the EFS project will lose momentum. It is recommended that WB meet with the two process owners (MOJ/REPD and ESA) to reengage discussion and formulate a proposal that meets broad GOE acceptance. The next WB Appraisal Mission is scheduled for early February 2006.

TASK 3: DEVELOP FRAMEWORK AND PROCEDURES FOR SECURED LENDING AND NEW FINANCIAL INSTRUMENTS

A. Activities Performed During Quarter

Key Accomplishments:

- The new same-day trading mechanism was successfully launched during this reporting period.
- Prospectus for the first securitization bond in Egypt was published in daily newspapers on December 7. This represents Egypt's first new financial instrument. Introduced with EFS technical assistance to the CMA and the issuer. Year 1 deliverable
- CMA BOD approved draft amendments to the securitization executive regulation proposed by the Task 3
- Factoring legal and regulatory framework. Year 1 deliverable

A new Chairman, Hani Serai El Din, was appointed in July and Mr. Alaa Amer was hired as Deputy Chairman in November. CMA is striving to attract talented professionals from leading private-sector firms working in the capital market in Egypt, in order to leverage its human resources skills in market regulation, surveillance, and enforcement. We are pleased to report that Hesham Ibrahim, most recently Senior Investment Advisor with EFS, and previously with the Capital Markets Development (CMD) project, joined the CMA as head of the Chairman Affairs Sector in late December.

One priority Chairman Serai El Din set, is the immediate implementation of the new CMA organizational structure, which was approved by the MSAD. He requested EFS assistance with this and CMA's relocation to a temporary premises in the Smart Village in Sixth of October. EFS, in response to these requests, provided assistance, which is supplemental to our work plan. EFS engaged organizational advisors and business reengineering specialists from EFS subcontractor Zarrouk, Khaled & Co. (Z&K). Last quarter Z&K advisors completed an assessment report. The report recommended moving all CMA regulatory functions (i.e. corporate finance, market regulation, and enforcement) to the new premises. Non-regulatory functions (e.g. corporate governance and securities issuance) and supporting functions (financial and administration, legal affairs, international markets, etc), not addressed by EFS technical assistance, will continue in the existing premises until the CMA receives its permanent premises in the Smart Village. A moving committee comprised of the CMA deputy chairman, representatives from Z&K, Smart Village management representatives, and engineering consultants to the CMA and EFS was formed to implement the assessment report's recommendations.

This quarter, Z&K consultants completed their assessment of CMA human resources. A draft report with recommendations was presented to the CMA Chairman. The report identified the proposed assignment of each staff member to a specific organizational unit, a training needs assessment of organizational units, and hiring needs and recommendations. Work-flow cycles are now being reviewed (procedures and documentary cycles) for main regulator functions. The objective is to assist CMA to improve work-flow cycles by identifying and eliminating redundancy, inefficiency, bottlenecks, and limiting direct contact between CMA employees and applicants for CMA services.

Specific activities include:

- Implementation of new organizational structure

- Developing a systematic plan for moving CMA offices to the Smart Village
- Human resource needs assessment
- Work-flow cycles

KRA 3.1: Diversity of Financial (for Investors) and Financing (for Borrowers) Instruments Expanded

EFS was delegated to provide assistance and head up the Egyptian Liquidity Facility (ELF) Y2 WP. The Task 3 Team, in coordination with the Task 1 Team, will provide technical assistance to the MOI and MFA to establish a mortgage liquidity facility pursuant to a model determined by the World Bank. The facility would provide long-term finance to mortgage companies either by issuing long-term corporate bonds or by buying mortgage portfolios from banks and companies and issuing a securitization bond. Local legal subcontractor, Arab Legal Consultants, has been assigned to determine the legal and regulatory aspects of the proposed facility. EFS COP, Task 1 and Team 3 Leaders, met with the MFA chairman and deputy chairman to discuss this technical assistance. They also met with WB representatives to coordinate WB and EFS activities in this area. ST Advisor Elaine Weis prepared a preliminary report on the purpose, regulation, government support and shareholding of the Egyptian Liquidity Facility (ELF).

The report was reviewed and edited by DCOP Francois Pepin, and presented to Senior Financial Advisor to the MOI, Mr. Adel Hamid Ibrahim. This quarter, EFS met twice with MFA senior officials, and the task force formed by the MOI to discuss technical assistance to the MFA to establish the Egyptian Liquidity Facility (ELF). The task force requested assistance to develop a business plan and an offering memorandum of its equity securities to potential investors (banks and mortgage companies). The main objective of ELF is to provide liquidity to mortgage banks and companies by providing loans, secondary mortgage and securitization of mortgage portfolios. The meeting was followed by other meetings with the MFA deputy chairman, MFA Board Member Mrs. Lubna Helal, and the Deputy Chairman Mr. Ashraf Al Kody, for an initial review of the business plan.

Securitization. The prospectus for the first securitization bond in Egypt was published in daily newspapers on December 7. This represents Egypt's first new financial instrument. Introduced with EFS technical assistance to the CMA and the issuer, the bond offered for public subscription amounts to LE 140 million for a term of five years at an interest rate of 11%. It is underlined by a portfolio of 1440 car loans amounting to LE 176 million with a current value of LE 148 million. The issuer is an SPV, (securitization company), duly incorporated and licensed under the new provisions of the Capital Market Law and its executive regulations. USAID and EFS received a thank you letter from the issuing company for the support given by USAID and EFS to the CMA and the issuer in reviewing and finalizing the draft prospectus, assignment agreement, custody agreement, and service agreement. The prospectus and agreements will be formalized in rules to be issued by the CMA as the standard for coming securitization transactions.

NASD. In October, Task 3 prepared reference materials on Egypt's capital market for the National Association of Securities Dealers (NASD). EFS continued discussion with NASD and USAID to plan NASD's assignment to work with EFS and the CMA on developing the latter's 3-year strategy for introducing new financial instruments. The SOW for NASD to develop a strategy for the introduction of new financial instruments is under revision based on discussions with USAID.

3.1.1: Form an inter-industry advisory group

3.1.2: Conduct workshops on new financial instruments

3.1.3: Plan and execute public awareness campaigns

On November 15, Senior Investment Advisor, Hesham Ibrahim's slide presentation on Employees Stock Ownership Plans (ESOP) was presented by MOI Financial Senior Advisor Abdel Hamid Ibrahim at the annual general meeting of shareholders in public business enterprises (PBE). The MOI, which is responsible for managing the state privatization program, is promoting ESOP as a tool for attracting and maintaining high-caliber staff at PBEs. EFS will prepare and publish a brochure explaining ESOPs (based on this presentation) next year.

KRA 3.2: Market and Regulatory Capacity Enhanced for New Instruments

3.2.1: Enhance the CMA market rules and regulations.

Asset-backed Bonds (Securitization). Senior Financial Advisor Ahmed Hussein, and Senior Investment Advisor Hesham Ibrahim, reviewed and edited the CMA guide to the issuance of asset-backed bonds drafted by the head of the CMA Fixed-Income Unit. The guide addresses all steps required by a corporation to securitize portfolios of receivables. The guide will be published by EFS. At the Egypt Invest Conference organized by the MOI and GAFI in October, Dr. Sari El Din made reference to a plan to review and revise rules and regulations for bonds with a USAID-project (EFS) in his presentation on challenges facing the Egyptian capital market and CMA plans to address those challenges.

Securitization

Draft Amendments to the Securitization Executive Regulation. The CMA BOD approved a draft amendment to the securitization executive regulation proposed by the Task 3 Team. The amendment will allow the CMA to accept a higher percentage (above the current 20% limitation) of the originator's ownership in the securitization company. The amendment also sets forth the responsibility of the custodians towards the bondholders. The executive regulation will be officially issued by the Minister of Investment and will replace current regulation.

Securitization Assignment Agreement and Custody Agreement. Senior Legal Advisor, Shamsnoor Abdel Aziz, reviewed the securitization assignment agreement and custody agreement. Her comments were adopted by the CMA at a meeting in which she presented her work to the CMA Deputy Chairman and the head of the Fixed-Income Securities Unit.

Securitization Documentation Standardization. The EFS Task 3 Team held four meetings with EFS Egyptian outside counsel, Dr. Ahmed Abu Ali. The last meeting was attended by the CMA Chairman, his Deputy, and representatives from the first potential Egyptian securitization company, Contact. At the meetings, the Task 3 Team helped CMA review and propose amendments to the documents mentioned hereafter in order to comply with Egyptian civil, commercial and capital market laws. Particular attention was given to bondholder's rights in order to avoid misinterpretations and future legal disputes. The meetings resulted in finalizing the licensing and registration documents required by the Capital Markets Law and its executive regulations which are:

- Assignment of Financial Rights Contract
- Custodian Contract
- Promises of Sale Letter
- Service Contract

It is expected that the document forms and templates will be used as standardized CMA forms for future securitization transactions.

3.2.4: Provide training for market regulatory and operational staff in the new rules and regulations

On-the-job Training. Senior Financial Advisor Ahmed Hussein, provided training to the CMA Fixed-Income Securities Unit staff. Training focused on review of the draft prospectus for issuing the first securitization bond in Egypt by a securitization company. The company was incorporated in October 2005 and licensed by the CMA in November 2005. The portfolio of assets underlying the bond issue comprises auto loans originated by two large auto finance companies. The training provided is based on CMA draft regulations on securitization, initially drafted by EFS ST Securitization Legal Advisor, Gahmk Markarian.

3.2.6: Enhance the regulatory framework for mutual funds to confirm to international standards

This will be addressed in Year 2.

3.2.7: Remove impediments on activating the supply and demand for fixed-income securities

Same-Day Trading. EFS provided technical assistance to the CMA in drafting the rules for the same-day trading mechanism and organized two training courses to examine and license brokers to practice same-day trading. The new trading mechanism was successfully launched in November 2005. An immediate result, was that the number of daily transactions increased from around 14,000 to 26,000 transactions, and the daily value of trading has increased from around 400 million LE to more than 1 billion LE.

Secondary Bond Market. Task 3 team members and Keith Krchak, U.S. Treasury Advisor to the Egypt Ministry of Finance, met with the CMA chairman to discuss impediments to the activation of the secondary bond market. Three impediments were identified:

- High capitalization requirements for bond dealers
- Absence of formal repurchase agreements as a tool for financing holding and trading in securities
- Absence of market makers in secondary market

The CMA Chairman agreed to coordinate CMA efforts with those of the MOF to activate the secondary market for government and corporate bonds. In support of this, EFS Legal Research Assistant, Mahmoud Abdel Alim, researches the rules and laws restricting investment of special funds in banks, insurance companies, pension funds, the military, and professional associations.

3.2.8 Enhance the legal and regulatory framework for financial leasing and factoring.

Leasing

Based on a number of meetings with GAFI – the authority which houses the leasing registry – EFS was requested by the Vice Chairperson, to draft a proposal of EFS technical assistance to GAFI. The proposal outlines EFS assistance that will develop the legal, regulatory, and operational framework for leasing as an alternative financing tool for businesses, supported by a modernized collateral registry and operational procedures.

In preparation for work in this area, EFS representatives attended a roundtable on leasing and SMEs sponsored by the MOF and GAFI and organized by a Canadian-donor project and FSVC. The meeting was attended by the six leading leasing firms in Egypt. Legal and regulatory issues were raised during the meeting including capitalization requirements, taxation, and a collateral registry for interests in movable property. Additionally, DCOP Francois Pepin and Senior Financial Advisor, Ahmed Hussein, met with Dr. Amr Hassanein, FinBi to discuss an assessment of leasing and SMEs prepared by FinBi for another donor. The assessment covered operational aspects and obstacles for leasing business with emphasis on leasing for SMEs. The assessment did not address the legal and regulatory framework for leasing, which EFS will now undertake.

IFC has also proposed assistance in the area of leasing and EFS will coordinate assistance with GAFI and IFC. Task 3 is also contacting other relevant donor projects to coordinate technical assistance efforts.

Factoring

A set of proposed new regulations: executive regulations and general rules for factoring, was completed this quarter. All documentation is included the report “Regulatory Framework for Factoring” (Technical Report No. 27), thus completing a Year 1 deliverable.

The proposed framework includes:

- Comment on the current regulations on factoring and rationale for revisions
- Proposed regulations on factoring that:
 - Provide a definition of factoring services
 - Nominate the regulatory body (GAFI) and specify its authority issue rules on factoring. Regulations specify that a factoring company should be an Egyptian joint stock company
- Draft rules to be issued by the regulatory authority’s BOD including:
 - Licensing requirements; including minimum capital and expertise requirements
 - Licensing process
 - Requirements for practicing factoring including financial prudential ratios
 - Filings by factoring companies with the regulator
 - Minimum requirements in a factoring contract

Also included in the report is a policy paper, which addresses:

- Regulatory framework for factoring
- Rules governing international factoring
- Specific issues relating to the regulation of factoring
- Establishing criteria for factoring companies, tax and accounting issues, legal codes and factoring, and current factoring company activities

This last set of documents will serve as a “discussion paper” for policy makers (GAFI, MOI) to grasp all regulatory issues and international best practices of factoring.

Because factoring is usually a commercial activity and not licensed, the proposed framework addresses only licensing with a minimum capital requirement with the expectation that the capital requirement can be reduced over time as the industry becomes more experienced. With this in mind, requirements were moved from the executive regulations to rules made by GAFI to allow for greater flexibility and responsiveness to business demands.

The draft rules and regulations were translated into Arabic by Finance Advisor Dr. Abdel Moniem El Tohamy, would be revised and re-drafted by a legislative draftsman, Mohamed Abdul Wahid Maber. The draft rules and regulations were delivered to Senior Advisor to the Minister of Investment Abdel Hamid Ibrahim, for presentation to the minister of investment and chairman of GAFI and subsequent re-draft in regulatory language.

3.2.9: Presentations for judges and prosecutors on new instruments, laws, and regulations.

This activity was completed with the delivery of an informational presentation to judges and prosecutors in June.

KRA 3.3: Modernized Collateral Registry in Operations, to Secure Interest in Personal (Moveable) Property.

To be addressed in Year 2

KRA 3.4: Enhanced Capacity of Courts to Mediate Secured Lending Disputes.

To be addressed in Year 2

B. Activities Scheduled for Next Quarter

- Leasing legal and regulating framework and registry operations
- Finalize factoring framework
- NASD assignment on 3-year strategy for introducing NFI
- Workshop on NFI
- Finalize ELF Offering Memorandum and business plan pursuant to Work Bank business model.

C. Challenges Encountered and Proposed Remedial Actions

None.

TASK 4: ESTABLISH A BROAD-BASED CREDIT INFORMATION SYSTEM

A. Activities Performed During Quarter

Key Accomplishments

- Formation and Guidance to a Legal Working Committee. EFS acts as an educator and facilitator
- Final version of rules and regulations ready to be approved by Central Bank Board of Directors
- Initiation of contacts with microfinance institutions, Ministry of Investment and the Mortgage Finance Authority to undertake studies to support the credit bureau and reach the largest number of non-bank data furnishers and users of the credit bureau
- The Credit Bureau is guided by EFS technical assistance in the organization chart of the credit bureau

KRA 4.1: Strengthen the Capacity of CBE for Oversight of Private Information Systems and Protection of Consumer Rights

EFS met at the CBE with USAID, World Bank, and IFC representatives to coordinate credit bureau development assistance. The World Bank consultant briefed the participants on work done at the public registry, and the IFC and EFS briefed the participants on their respective work-to-date. Several issues were raised concerning the credit bureau model that Egypt will follow. IFC consultants recommend banks start by giving credit card information and that there should be one central place at the credit bureau for inquiries. A follow-up meeting was held at USAID on December 20 with IFC present.

Early in the quarter, the CBE Deputy Governor informed EFS that CBE would like EFS to continue to consult the regulator and also, they prefer that the consultant to the regulator be different than the consultant to the regulated entity. Throughout the quarter, EFS received and responded to CBE Credit Bureau Working Team requests for advice and legal and technical opinions regarding development of credit bureau rules and regulations.

The Task 4 Leader met with the deputy managing director of ESTEALAM on December 4 to discuss a number of issues:

- ESTEALAM informed EFS that it would prefer that EFS and IFC meet to brief one another on their respective credit bureau work.
- Two IFC consultants started the data analysis part of IFC's work. The work should be completed by December 8. EFS will meet with the consultants when the analysis is completed.
- EFS was informed that IFC will also review the rules and regulations, which EFS helped draft.
- ESTEALAM thought that the IFC-prepared questionnaire was too brief. IFC responded that the selected foreign vendor will prepare a more detailed questionnaire.

4.1.1: Assist the Central Bank of Egypt (CBE) in consolidating its role as credit bureau regulator and licensor

Rules and Regulations. EFS met CBE officials on October 5 to discuss the first draft of Arab Legal Consultants' report and recommendations for changes/additions to the rules and regulations. The report's recommendations are based on comments provided by EFS credit bureau advisors, as well as sample agreements used by credit bureaus with third parties. A

final version of the rules and regulations was delivered to the CBE deputy governor. It was expected that the CBE BOD would give final approval to the rules and regulations by the end of the year, however, this was not the case. As of December 15, EFS has received the most recent version of the rules and regulations from CBE.

ST Senior Credit Bureau Advisor, Miguel Llenas, delivered a number of presentations to the CBE credit bureau team and executive management. Presentations addressed specific credit bureau issues including credit bureau work flow, regulatory issues, and IT requirements for the credit bureau and regulator. Based on these presentations, the CBE team has agreed to refine regulatory guidelines including IT guidelines for review by EFS.

Rules of Exchange. The CBE requested assistance with drafting rules of exchange for the credit bureau. This rule is a requirement under Article 99 of the Banking Law. The rules of exchange were included as part of the rules and regulations.

4.1.2: Review and assess present regulatory capability within CBE to oversee a private credit bureau

Credit Bureau Supervision. In December, CBE requested EFS assistance in area of credit bureau supervision, especially on-site and off-site inspection. Work in this area is included in the EFS Task 4 Year 2 work plan.

4.1.4: Assist the CBE to consolidate its role as the authority that will oversee consumer protection as pertains to Credit Bureau Operations

Task 4 coordinated with USAID to contact the U.S Federal Trade Commission (FTC) in order seek assistance for the CBE in the area of consumer rights and protection. EFS contacted the Federal Trade Commission (FTC) to seek assistance with providing advisory services to the CBE in the areas of consumer protection and regulatory issues. FTC enforces the Fair Credit Reporting Act in the U.S., and has an international division for consumer protection that assists developing countries.

The PA team and the Team 4 Leader met with CB Chairman Mr. Mohamed Kafafi on December 5 to discuss potential public awareness activities for the CB. The Senior Comm and PA Advisor shared the 2006 planned activities. This includes a survey for suppliers of goods and services that will be completed. The PA team will then draft a brief based on the survey to be shared with the Task Leader and Chairman. The PA team also drafted a press release on the CB progress that will be circulated to key specialized media reporters and newspapers. The Senior Comm and PA Advisor also agreed to develop a generic fact sheet for publication until the rules and regulations are approved. The CB Chairman also requested EFS assistance and support in developing the CB website.

4.1.5: Assess the legislative framework.

Completed.

4.1.6: Review and assess CBE IT needs

Data Forms. On October 12, Task 4 Leader Marian Mishriki, and Senior IT Advisor Ibrahim Sabri, met with the CBE Assistant Sub Governor for Information Technology to discuss data forms provided by EFS ST Credit Bureau Advisor Miguel Llenas, and upcoming EFS IT-related activities with regard to data formats. EFS will, in close cooperation with CBE, agree on a data format, after which EFS will assess the banks' abilities to provide the type of information that will be required by the credit bureau. Task 4 is scheduling a meeting with the CBE IT department to discuss IT technical assistance in 2006.

4.1.7: Training

Preparations are underway for a training program “Credit Reporting Framework in the U.S.” to be delivered by ST Credit Bureau Advisor Oscar Marquis, in January 2006. EFS contacted a large number of interested institutions to send participants beside the Central Bank, the banks and the Credit Bureau.

KRA 4.2: Private Sector Credit Bureau(s) Operational

In response to an ESTEALAM request for EFS assistance, Task 4 prepared and delivered a comprehensive proposal to the credit bureau in early October. The proposal covers activities and areas where EFS can provide support, lays out division of roles and responsibilities, tentative dates for activities, and an overview of credit bureau expertise that can be provided by EFS long- and short-term advisors. At a follow-up meeting on October 19, CIB General Manager Mohamed Refaat, and acting Credit Bureau Project Manager met with EFS COP Allen Decker and the Task 4 Team Leader, and requested EFS assistance and support for the following specific activities:

- Formation and support of a legal working committee
- Formation and support of a data analysis committee
- Develop an organization chart for the credit bureau
- Assist develop internal policies and procedures

Three-party Agreement (EFS/IFC/ESTEALAM). The CBE Deputy Governor, in the capacity as external advisor to the ESTEALAM credit bureau’s board of directors, and Mohamed Refaat, CIB General Manager, informed EFS that ESTEALAM has decided to divide consultancy work at the Credit Bureau between EFS and IFC. EFS was requested to:

- Assist with studies on the non-bank financial institutions
- Provide assistance during the implementation phase
- Conduct public awareness
- Provide training

Legal Working Group. The committee was formed this quarter under the guidance and support of EFS. Committee members include legal counsel from CBE, ESTEALAM, and EFS. On November 17, ESTEALAM confirmed to EFS that the ESTEALAM BOD approved the working plan of the Legal Committee to be formed by ESTEALAM and the CBE. During this quarter, the committee has met three times. The Committee, under EFS guidance and support from EFS consultants, is reviewing legal opinions prepared on credit bureau operations, credit bureau rules and regulations, and draft agreements for ESTEALAM.

The committee’s first meeting was held November 21 at which Task 4 Leader Marian Mishriki delivered a power point presentation to legal counsels from eight banks. The presentation included:

- Overview of credit bureau operations
- Summary of EFS findings and status of work
- Objectives of the committee

At the December 6 training session Arab Legal Consultants (EFS subcontractor) delivered a Power Point presentation on legal issues. ESTEALAM distributed the latest version of the rules and regulations committee members for their review and comment.

At the third training session on December 13, ST Senior Credit Bureau Advisor Miguel Llenas, delivered a presentation on legal issues that may arise in credit bureau operations. He also presented a detailed sample agreement used by the credit bureau in the Dominican Republic when dealing with users and providers of information.

EFS provided the legal committee members with extensive documentation and sample of legal agreement that credit bureau uses in its dealing with data furnishers and users. The Training Team handled the logistics for the two meetings, which were held at the Semiramis Intercontinental Hotel and the Imperial Floating Boat respectively.

Data Analysis Committee. Upon further discussion, ESTELAM has opted to wait until data formats - to be introduced by IFC – are prepared.

Organization Chart for Credit Bureau. EFS ST Credit Bureau Advisor Miguel Llenas, prepared an organizational chart in addition to description of the work flow and roles and responsibilities of key executives. On December 19, Llenas delivered a PowerPoint presentation and a detailed report on the organization chart of the credit bureau, including a code of ethics, to some board members of the Credit Bureau. The board members who attended, were bankers from HSBC, Banque du Caire, and Banque Misr. Deputy Managing Director Mr. Mohamed Refaat, Task 4 Team Leader Marian Mishriki, and DCOP Francois Pepin, also attended.

MOU EFS/IFS/ESTEALAM. EFS received a draft MOU from ESTEALAM. The MOU outlines the roles and responsibilities of IFC and EFS. Upon review, EFS concluded that the document did not sufficiently clarify the role of EFS in the non-bank area or the means of coordinating with IFC. In response, Task 4 suggested that the MOU be reworked to ensure that coordination of IFC and EFS technical assistance is clearly presented, and that it stipulates that some EFS technical assistance is contingent upon completion of IFC work.

Microfinance Institutions and the Credit Bureau

Sanabel Microfinance Network. EFS met with Sanabel representatives early in the quarter in order to engage Sanabel in the development October 4. Sanabel is a regional microfinance network with approximately 14 Egyptian microfinance institution members. Sanabel and EFS agreed to work together to bring microfinance institutions, banks, and the new credit bureau into closer contact. On October 20, the Task 4 Leader addressed a number of microfinance institutions present at a Sanabel Ramadan iftar. Ms. Mishriki briefed them on the EFS credit bureau work and recent credit bureau developments, as well as the EFS project.

PlaNet Finance. On October 16, the EFS Task 4 Leader met with PlaNet Finance. PlaNet Finance is a French NGO with operations worldwide targeting microfinance development and recently opened an office in Cairo. EFS is investigating the possibility of introducing PlaNet Finance rating to the credit bureau as part of the audit/review check that the credit bureau should have in place before dealing with microfinance institutions as information providers and users. EFS organized a meeting between the head of the PlaNet Finance mission in Cairo and Mohamed Refaat, CIB, on November 1 with the objective of bringing together banks and microfinance institutions and to encourage ESTEALAM to qualify microfinance institutions to deal with the credit bureau. EFS suggested that PlaNet Finance's rating mechanism for microfinance institutions be introduced.

Public Awareness. Task 4 Team Leader Marian Mishriki, and Public Awareness Team Leader Marwa El Maghrabi, met with ESTEALAM Chairman Mr. Mohamed Kafafi, on December 5 to discuss EFS credit bureau public awareness and education suggestions. Ms. Maghrabi briefed the chairman on EFS public awareness capabilities such as media

education, press release announcements/articles, assisting with an information leaflet for the credit bureau, undertaking market survey/research of suppliers of goods and services, website design, and capacity building for staff dealing with the public/ consumers. Based on the meeting's outcome, the PA team developed, and delivered to ESTEALAM, an activities timeline for all activities discussed. On December 13, Ms. Maghrabi interviewed Mr. Mohamed Kafafi for the EFS newsletter. They also discussed communication with the media and issuing press releases.

4.2.1: Review models of credit bureaus

Completed.

4.2.2: Determine credit bureau licensing requirements

Completed.

4.2.3: Conduct a workshop targeting government agencies that provide information

Given the sensitive nature of addressing information collected and provided by various government ministries and agencies, EFS is preparing the workshop's agenda in close coordination with the CBE. Date of the workshop is contingent on the progress made in Activity 4.2.5.

4.2.4: Identify legal/regulatory impediments

Completed.

4.2.5: Study and determine the best mechanism for government agencies and non-bank financial institutions to provide and share information with a private credit bureau

EFS received the go-ahead from CBE to contact Egyptian ministries and public authorities that could provide information to the Credit Bureau. In preparation for work in this area, a detailed SOW was prepared for EFS subcontractor Zarrouk, Khaled & Company (Z &K). EFS plans to commence activities in early Year 2. Additionally, Task 4 Team Leader Marian Mishriki, and Task 3 Senior Financial Adviser Ahmed Hussein, met with Senior Financial Advisor to the Ministry of Investment Abdel Hamid Ibrahim, to discuss coordination of this effort with the MOI. MOI is important partner as a number of non-bank regulatory authorities who fall under the umbrella of the MOI.

4.2.6: Analyze the quality and timeliness of demographic and other essential information controlled by state agencies

4.2.7: Examine and assess the IT capacity of the present credit reporting system that provides borrowers' credit information to the CBE public registry

Cancelled. This work is being addressed by IFC

KRA 4.3: System of Protection in Place for Consumer Rights

Consumer Protection Leaflet. The PA Team is working on accumulating and reviewing generic material available on consumer protection. This is in anticipation of credit bureau consumer protection education and information activities that will commence upon CBE BOD approval of the credit bureau rules and regulations.

4.3.1: Review Egyptian laws as they pertain to the protection of consumer rights.

Completed.

4.3.2: Assist CBE to build and strengthen a consumer protection unit.

Covered under 4.1.4.

B. Activities Scheduled for Next Quarter

- Conduct training program by Oscar Marquis, international legal adviser, titled: "Credit Reporting Framework in the U.S."
- Continue with studies on the microfinance institutions to assess their technical readiness to provide information that is suitable to a private credit bureau
- Work closely with the Ministry of Investment to reach the largest number of non-bank entities that can deal with the credit bureau
- Work closely with the Mortgage Finance Authority with respect to the Credit Bureau project
- Continue to support and assist the legal committee
- Cooperate with Federal Trade Commission to assist the Central Bank in its role as a regulator and protector of consumer rights
- Make arrangements to conduct an overseas study tour of Credit bureau to examine IT systems and ownership models which include a foreign partner taking an equity stake in the private credit bureau
- Submit a comprehensive public awareness plan to the Credit Bureau

C. Challenges Encountered and Proposed Remedial Actions

None.

SECTION III: Project Management, Monitoring and Evaluation

Project Management

The Task 2 Team Leader attended a number of internal working meetings related to the preparation of Task 2 Work Plan for 2006. These included a Task Leader meeting with the COP on November 1 at Nile Hilton, follow-up meeting on LOE dated November 9, and team-wide presentations on November 14, culminating in a presentation to USAID on November 15.

Sherry Henien joined the Training department as a Training Administrative Assistant on October 11, 2005.

Training Specialist Azza Seif started work.

Hesham Ibrahim resigned his position as Senior Investment Advisor. Hesham was offered and accepted a position at the CMA as head of the Chairman Affairs Sector. This comes after three years of working closely with the CMA to provide technical assistance through the USAID-funded CMD and EFS projects. Hesham has demonstrated professional and personal strengths and the CMA has decided to rely on his expertise to join a new CMA executive-level management team. Hesham will act as a liaison between the CMA and EFS. Task 3 will capitalize on this to maximize effectiveness and efficiency of EFS initiatives to introduce new financial instruments. EFS and his close colleagues wish Hesham well, and look forward to an even closer working relationship with the CMA.

Samer Lotfy, Business Process Reengineering Specialist, completed his LOE under Task 2.

Rehab Sharaf El-Din, Financial Services & Markets Advisor, and Heba Ali Zayad, Financial Services & Markets Regulatory Advisor, worked as special assistants to the MOI. Rehab, who began work on August 7, and Heba who started August 21, completed their respective assignments on December 1, 2005.

The ST Karen Roland joined the EFS as of December 16th, 2005 in the capacity of Editor/Monitoring and Evaluation Reports Specialist, and replacing Sharon Cook, who finalized her LOE in December 2005.

Monitoring and Evaluation

A draft Program Monitoring Plan was completed by ST expert Eric Abbott. Task teams will further develop and refine indicators for measurement and, will implement the outcome indicators, pending USAID approval of the year two work plan.

During this quarter, EFS developed the estimated figures for work plan year 2 and entered them into the EFS MM&E2 system. The work plan year 2 figures will be modified upon USAID approval.

Information Technology

Raya Integration started the network installation at the MFA. The network includes both power and electricity networks. Sixty nodes will be installed at the MFA.

An amendment is required for the Raya contract to include additional items necessary to complete the network installation. A contract amendment has been drafted and sent to the HO for approval and signature.

ACT, the local representative of the U.S. vendor in charge, completed the installation of the workstations and printers at the MFA.

A problem arose with the MFA's internet leased line due to lack of local loops connecting the Giza Exchange to the MFA Premises. The problem will not be resolved for approximately two months. Nile Online/Telecom Egypt proposed that the MFA give away one of the telephone lines temporarily to be used for the Internet leased line. The idea was proposed to and accepted by the MFA Deputy Chairman.

The purchase order for MFA supplies has been issued. The P.O. includes printer toner, ink, CDs, DVDs, and backup tapes. Printer paper has already been delivered to the MFA. Furthermore, an air conditioner has been installed in the computer room.

USAID/IRM approval was received for the Training Development Laboratory at the Ministry of Justice. The IT Procurement/Operations Specialist prepared the IT systems RFP and sent it to the HO for approval. The RFP will be issued in Egypt as soon as the HO approval is received.

Training

EFS training programs provided this quarter were targeted to specific audience and qualified "trainers". Sections of these programs are tailored to produce a cadre of local trainers for both mortgage lending and appraisal training courses. In year 2, these programs will be conducted by the local trainers and will be targeted towards a broader audience.

Training Program Coordination. The Training Team and Task 1 Senior Financial Advisor attended the majority of the MBA and AI trainings in order to observe and evaluate the instructors, and to hear participant feedback on the training materials. Specific tasks performed by the training team in organizing these trainings included:

- Identified local instructors
- Prepared brochure content
- Set participant selection criteria
- Formed a committee and select participants
- Prepared budget
- Arranged logistics
- Prepared customized evaluation forms
- Worked with the PA team to design certificates in compliance with USAID branding regulations
- Distributed the performance monitoring plan questionnaire to the participants and explained it's use
- Tabulated the results of the evaluations and sent it out to the MBA and the Task 1 team
- Reviewed and revised training materials with EFS local trainers

Public Awareness

Team Building Session. The Team Building session was held on November 16 at the J.W. Marriott. The PA team developed a feedback form to measure the team members' input and feedback to improved and develop the next sessions accordingly. Mona Al Atrash, the facilitator, has developed submitted a final report to be discussed with the COP regarding findings and outcomes of the first session and to discuss how to build upon the session and determine next steps.

Newsletter 3rd Issue: The PA team circulated the November 2005 issue to all media reporters regularly invited to EFS events. As a result, articles were published in Al Alam Al Youm newspaper on December 11 and in Al Akhbar newspaper on December 12.

Newsletter 4th Issue: Work has already begun on the February 2006 issue. Most interviews and articles have been completed, approved, and translated into Arabic.

EFS Year 2 Work Plan Presentation and Discussion: The Work Plan Presentation was held on the Imperial Boat in Zamalek on November 14.








USAID Work Plan Presentation: The USAID Work Plan Presentation was held at Al Azhar Park on November 15. PA shared a brand compliant template with all leaders in order to present in the same template. During PA's five minute spot, key achievements were reviewed for 2005 and an introduction of the 2006 objectives followed.


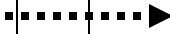


USAID Branding Compliance: The PA team has printed new business cards for the EFS team members and letter heads with the new USAID branding standards. The team also reviewed all brand bearing material and prepared a conceptual proposal of compliant brand. A meeting with USAID will be scheduled to discuss branding the remaining materials that could potentially be produced for the project such as folders, block notes, envelopes, etc.

Contact for New Mortgage Company: PA was contacted by a representative of First Rand South African Mortgage Company. They are currently establishing a new mortgage company in Egypt and interested in market information and updates in the mortgage market. PA informed them of the role of the project, sent them copies from the project fact sheet and the latest newsletter.

ANNEX 1: EFS YEAR 1/QUARTER 4 ACTIVITIES STATUS MATRIX










Task 1: Establish a Supporting Framework for the Real Estate Finance Industry

1.1 Strengthen MFA's Institutional Capacity to Supervise the Real Estate Finance Industry in Egypt						KEY: Activity start and end Event/Program  → Ongoing activity Delivered →	
Focus Area		Q1	Q 2	Q3	Q4	Deliverables/Output	Status
1.1.1	Identify GOE objectives and priorities.	→				Memorandum of Understanding signed between EFS and MFA.	Deliverable completed: EFS/MFA MOU signed November
1.1.2	Establish Real Estate Finance Working Group.	→				Real Estate Finance Working Group established with MFA Board of Directors as per directions of MOI and MFA chairman.	Deliverable completed: Working Group established and meeting on an as-needed basis.
1.1.3	Review and revise MFA organizational structuring, staffing, and operations.	→				MFA becomes operational under a well-conceived organizational structure, with most staffing requirements fulfilled.	Deliverable completed: To date 12 USAID-funded staff hired.
1.1.4	Assist MFA capacity building and develop a business plan.	→				MFA business plan completed.	Deliverable completed: MFA Strategic Business Plan FY 2006 -FY 2008 (Technical Report No. 18) delivered to USAID November 20, 2005
1.1.5	Prepare a MFA training-needs assessment plan.		→			MFA training assessment plan completed.	Deliverable completed: An initial assessment is done. Refinements to plan are on-going.
1.1.6	MFA Training Program.	→			On-the-job training for MFA staff.	Ongoing.
						EFS-sponsored seminar on Mortgage Insurance.	Completed: February 13, 2005
						Wharton International Housing Program (Short course in US).	Completed: MFA Chairman Torgoman and BOD member Lubna Helal attended. June 6-16, 2005

1.1.7	IT support for MFA.					MFA preliminary IT needs operational. Preparation of specifications, equipment procurement, an IT training-needs assessment, assessment of website content needs, and development of approaches to data base/filing systems.	Deliverable completed: Mortgage Finance Authority Information Technology Needs Assessment (Technical Report No.12). Delivered to USAID August 28, 2005 MFA preliminary IT needs operational. Equipment procurement underway.
1.1.8	Review status of laws and examine regulatory issues including underwriting, foreclosure, compliance and curative actions.					MFA regulations for industry.	Draft regulations and manuals delivered to EFS and are under review by Task 1 and MFA.
1.1.9	Create a MFA consumer protection and outreach function (public awareness and education).					Consumer Information Booklets for Ministry of Investment.	Deliverable completed: Consumer Mortgage Information Booklet prepared and delivered to MOI. Fact Sheet and posters based on the booklet prepared and delivered in Q4.
						Develop public awareness plan for MOI.	Completed: MFA communications strategy completed and under review with MFA.
						Progress Report on survey of Greater Cairo area home buyers' level of knowledge about real estate financing.	Completed: Survey findings presented to MFA and USAID April 18. Final report to be delivered early July (Q3).
						Develop Media Education Program	Completed: Media Education Program framework developed.
						Work with MFA to strengthen newly-formed Consumer Information/Protection Unit.	EFS assisting MFA hire a communications specialist.
1.2	Required Legal, Regulatory and Administrative Reforms Promulgated and Investment Standards and Allocation Guidelines for Long Term Investments Established						
	Focus Area	Q1	Q 2	Q3	Q4	Deliverables/Output	Status
1.2.1	Form an Inter-industry Advisory Group on legal and regulatory refinements/changes.					Inter-industry Advisory Group on Legal and Regulatory Refinements/Changes. Group identified and work initiated.	Deliverable completed: Legal Working Group established and work initiated.
1.2.2	Review real estate legal/regulatory framework (documentation and legal reform).					Working Paper on legal reform consolidated and presented to stakeholders. First drafts for standard documentation and procedures.	Deliverable completed: Concept Paper: Legal Support to Improve Mortgage Financing in Egypt: Analysis and Recommendations (Technical Report No.26)














1.2.3	Provide standardized protections for borrowers, administered by GOE entities for mortgage and consumer loans.					Working Paper on legal reform.	Collection of Documents and Forms completed.
1.2.4	Review existing laws and regulations to determine constraints, if any, to the formation of relevant associations (mortgage lenders, appraisers, homeowners, etc.). Recommend legal basis for association development. Analysis of approaches used in other countries					Findings presented in Working Paper on legal reform.	
1.2.5	Training to enhance understanding of mortgage finance legal and regulatory issues.					Training to upgrade lending standards and harmonize supervision/regulation with issues identified.	
1.3	Real Estate Professions Stimulated, Industry Brought to International Standards & Other Services Developed						
	Focus Area	Q1	Q 2	Q3	Q4	Deliverables/Output	Status
1.3.1	Identify and prioritize associations that are necessary for a healthy real estate and mortgage-lending market in Egypt.					Associations identified and contacted.	Completed: Associations identified and contacted. EFS is working closely with two associations: Mortgage Bankers Association and the Egyptian Association for Real Estate Appraisers.
1.3.2	Identify and review training packages for similar trade associations – starting with appraisers.					Training-needs assessment. Assessment completed and training initiated.	Deliverable completed: <ul style="list-style-type: none">Appraisal Institute Appraisal Training Needs Report (Technical Report No.7)Mortgage Bankers Association Training Needs Assessment Report (Technical Report No.8) Both reports delivered to USAID July 15, 2005
1.3.3	Conduct basic-level training for targeted trade associations that are established or are in preliminary stages of establishment.					Demonstration training provided with and for association partners.	Capacity building for “EFS partner associations”: Mortgage Bankers Association and Egyptian Association for Real Estate Appraisers. Association management and development training programs to commence in Year 2.

1.3.4	Identify training needs, develop curricula and implement training.					Training provided to mortgage lenders and appraisers in Q3 and Q4. Training included training of trainers to build associations' capacities to deliver training programs.	
1.3.5	Explore possibility of MFA-sponsored workshop on the development of Egypt's real estate regulatory and industry environment.					Conduct an industry-wide real estate workshop to update stakeholders and plan coordinated development of the industry.	Postponed until Year 2.
1.3.6	Consider and discuss the formation of a public-private-partnership between MFA and Appraisers.					Deliverable to be determined.	Deliverable to be determined.
1.3.7	Investigate ways to use existing industry data systems in a shared environment.					Present results of data sharing and information systems study to relevant stakeholders.	Year 2
1.4	Stable Term Funding Established and Loans Originated						
Focus Area		Q1	Q 2	Q3	Q4	Deliverables/Output	Status
1.4.1	Identify and contact primary lenders and investigate current lending practices.		 			Develop database, track obstacles, reforms and data	Deliverable completed: Database developed and EFS is tracking mortgage contracts and loans.
1.4.2	Develop training programs targeting mortgage companies.					Training program for lenders formulated and courses delivered.	Report: Needs Assessment of Mortgage Finance Companies (Technical Report No. 31) was finalized after review and discussion with El Taamir. The report was delivered to USAID December 28, 2005 Technical assistance to El Taamir Mortgage Company under discussion.
1.4.3	Initiate quarterly check of loan data.						Initiated in Q2. Ongoing activity. See 1.4.1
1.4.4	Review current status of guarantee and subsidy fund programs. Investigate whether government objectives for the guarantee fund are met.					Payment Guarantee Fund Study: Study of subsidy programs with recommendations (stating adverse impacts on mortgage financing).	Deliverable completed: The Payment Guarantee and Subsidy Fund: Goals, Options and Recommendations (Technical Report No. 20) delivered to USAID December 15, 2005

1.4.5	Identify current investment vehicles and obstacles to investments in real estate assets.				→	Report on findings.	Task 1 and 3 are providing technical assistance to create a liquidity facility. Initiative will assist remedy lack of long-term funding sources.
1.4.6	Address needed regulatory and legal reforms for mortgage securitized bonds.				→	Initiate analysis of long-term investment practices.	Same as above. Will also involve access to capital markets.
1.5	Enhanced Capacity of Courts to Mediate/Adjudicate Real Estate Lending (enforce foreclosure)						
Focus Area		Q1	Q 2	Q3	Q4	Deliverables/Output	Status
1.5.1	Review Real Estate Finance Law 148 and Executive Statutes (Forced sale) and foreclosure practices in Egypt.		→			Report on findings.	See 1.2.2 Coordinating with AOJSII project and the MOJ to develop training specific to foreclosure. Draft materials for a foreclosure seminar, prepared by EFS, were reviewed with AOJSII and the MOJ. Materials delivered to USAID December 28, 2005. Seminar to be delivered in Q1 Year 2.
1.5.2	Review and assess lawyers and judges knowledge of law as it applies to forced sale.			→		Needs assessment of judges and court officials.	
1.5.3	Organize training on legal principles and procedures.			→	→	<ul style="list-style-type: none">• Training-needs assessment. Needs of judges and court officials are identified.• Course materials prepared for review by the MOJ.• Training courses commence.	

Task 2: Improve Operation of Urban Registration System in the Ministry of Justice

2.1 MOJ and ESA Establish a Strong Working Relationship and Commitment to Improve the Registration System in Urban Areas							KEY: Activity start and end Event/ Program  → Ongoing activity Delivered 
	Focus Area	Q1	Q2	Q3	Q4	Deliverables/Output	Status
2.1.1	Develop a common vision and policy mandate with our partners for urban registration.					Assessment of current registration practices. Bilateral Memorandum of Understanding executed between the Project and key process owners – MOJ/REPD and ESA.	Deliverable completed: Inception Report: Property and Registration Law in Egypt: Current Operation and Practice (Technical Report No. 3) Deliverable completed: MOU between EFS MOJ/REPD August 24 MOU between EFS and ESA August 14 Discussions with MSAD ongoing.
2.1.2	Identify GOE objectives and priorities for urban registration and include best use of donor resources.					MOJ and ESA objectives and priorities for urban registration identified in MOUs. Statement on short-term objectives, priorities and project preparation for IBRD loan Under consideration by MSAD	Completed: Preparatory notes for ESA for World Bank mission.
2.1.3	Reengineer, simplify and propose automated technical processes for use within the Registry and ESA.					Report on preliminary findings and recommendations to reengineer technical processes and business applications for registration.	Deliverable completed: Work completed in Q3. Business Process Reengineering (Technical Report No. 21) and Business Area Analysis (Report No. 22) delivered to USAID December 15, 2005
2.1.4	Create Advisory Committee.					Advisory Committee and Secretariat established.	Draft report on the creation, role and composition of an Advisory Committee under review by MOI.
2.1.5	Identify, confirm and evaluate existing technical processes for both ESA and MOJ with each agency prior to any re-design.					Report: Detailed assessment of existing business processes for deeds and titles with proposed reengineered business processes.	Assessments completed during Q2 and incorporated in Inception Report. EFS and counterparts concur that a major redesign of administrative processes, supported by revised or new implementing regulations is the best move forward.
2.1.6	Carry out a preliminary assessment of capacity building requirements for each agency.					Report: Findings and preliminary recommendations for capacity building.	A preliminary assessment of required organizational changes is presented in Inception Report.

2.1.7	Assess customer attitudes to registration. Information will feed into counterparts' registration strategy.		→ ▲			Progress report on public's attitudes towards property registration in Greater Cairo.	Consumer Attitudinal Survey Report: Knowledge, Attitudes and Behaviors of Cairo Flat/House Owners and Potential Owners: A Baseline Survey (Technical Report No. 10) Report delivered to USAID July 15, 2005
2.1.8	Assess regulatory and legal changes necessary to support registration.		▲	→		Proposed legal reform.	Two legal experts fielded in late Q3 completed a review and a report on legal and regulatory changes needed to support registration. Report under finalization.
2.1.9	Comparative analysis of internationally accepted best practices in land registration.				→	Comparative study tour on best practices in modernizing registration systems.	Study tour to take place in Year 2. EFS-sponsored delegation attended "Land Registration in Arab Countries: Challenges and Ambitions" September 1-3, 2005 Amman, Jordan. Delegation presented four papers on aspects of registration. Trip report (Technical Report No. 17) delivered to USAID October 20, 2005.
2.1.10	Prepare/Execute Bilateral Agreements for review and signing between MOJ, ESA and EFS.		→			Agreement to implement preparatory title registration in two selected urban locations between MOJ/REPD and ESA.	Deliverable completed: MOU between EFS MOJ/REPD August 24. MOU between EFS and ESA August 14.
2.1.11	Develop Media Education and Communication Strategy.			→		Media Education Communication Strategy	Draft strategy for public awareness and education on the benefits of registration completed in Q4.
2.2	Automation Design Phase of Business Applications of Pilot System for Registration						
	Focus Area	Q1	Q2	Q3	Q4	Deliverables/Output	Status
2.2.1	Address functionality requirements of RO's in proposed applications, their design, architecture, reliability, flexibility and scalability.		→			Report: Assessment of Automation and Technology Needs for Registry Offices and ESA.	Under finalization for completion end February 2006.
2.2.2	Address capabilities of proposed applications to manage all aspects of land records.					Q1 & 2.	Consultants completed work in Q4.













2.2.3	Design automated systems to capture, maintain and manage survey data and cadastral information.					Automated systems. Year 2.	Q1-3 Year 2.
2.2.4	Introduce steps within the application design to facilitate and strengthen adjudication processes.					Year 2	Q1 Year 2.
2.2.5	Analyze, evaluate and identify the IT platforms required to support the business applications.		→				Deliverable completed: <ul style="list-style-type: none"> Floor-plan layouts, IT specifications, bid documents and cost estimates are completed. Model registry office floor plan layout and quantities list has been reviewed, revised and accepted by MOJ.
2.2.6	Embed a property locator system within the design application.	→				Report: Recommendations for Unique Property Locating System.	Deliverable completed: Briefing Paper on Real Property Identifier Options (Technical report No. 13)
2.2.7	Work with our counterparts to identify IT systems/needs/capabilities and review technology options		→			Report on IT System needs/capabilities/options.	Deliverable completed: <ul style="list-style-type: none"> Assessment and Procurement Report for Training Development Laboratory and Model Registry Offices (Technical Report #15) Information Resource Management (IRM). Two RFPs, one for the TDL and the other for ESA training center, are under preparation.
2.3	Selection of Two Model Office Locations, Training and Implementation of Pilot System						
	Focus Area	Q1	Q2	Q3	Q4	Deliverables/Output	Status
2.3.1	Develop criteria for model office selection, assess potential locations, prepare short list, and review using existing model offices as initial starting point.		→			Report on model office selection, potential locations assessed, short list prepared, and review of existing model offices.	<ul style="list-style-type: none"> Report: Assessment and Procurement Report for TDL and MROs. (Technical Report #15) was delivered to USAID August 28, 2005 Detailed floor plan layouts and equipment quantities list for model offices have been submitted, reviewed, modified and accepted by MOJ. MOJ have agreed to lease two new office spaces for EFS model registration offices.














2.3.2	Prepare implementation plan for each model office, including technical assistance and training support.		→			Implementation plan completed.	Preparation of implementation plan underway in coordination with our counterparts.
2.3.3	Operations and Resource Plan to implement First Registration. Collect and generate datasets.				→	Operations Plan and Selection of Cadastral Zones. Technical Instructions for First Registration Quality Assurance and Control Guidelines for First Registration Community Outreach and Education Program for First Registration	Prototype completed by subcontractor QSIT. Prototype Investigations and Field Survey (Technical Report No. 23) and Data Acquisition (Technical Report No. 24) delivered to USAID December 15, 2005 Housing Market Assessment Report (Technical Report No. 29) completed. Guide to Field Work for First Registration (Technical Report No.30) completed
2.3.4	Design a multi-component training program.		→			Comprehensive training program for pilot model registry offices.	Training program developed in Q4 and incorporated into Year 2 work plan.
2.3.5	Design a training manual on mass formalization campaigns, rapid adjudication techniques and systematic rolling adjudication.				→	Technical training manual and guide on adjudication and mass formalization campaigns.	Year 2
2.3.6	Public Awareness.				→	Develop information leaflet on registration process for distribution in pilot registration locations.	ST Land Formalization Specialist Raewyn Porter completed a preliminary public awareness and education strategy. See 2.1.11
2.4	Replication Plan for Upgraded Registration System (Year 3)						
2.5	Enhance MOJ Capacity to Resolve Land and Real Property Disputes (Year 3)						
2.6	Private Sector Participation in Registration (Year 2, 3 and 4)						

Task 3: Develop Framework and Procedures for Secured Lending and New Financial Instruments

3.1 Diversity of Financial (for Investors) and Financing (for Borrowers) Instruments Expanded						KEY: Activity start and end Event/ Program ● → Ongoing activity Delivered▶ ▲
Focus Area	Q1	Q2	Q3	Q4	Deliverable/Output	Status
3.1.1 Form an Inter-industry Advisory Group.		→			Formation and operation of an inter-industry working group on new financial instruments	Deliverable completed: Task 3 is working with small groups pertinent to the specific financial instrument. Working groups are ad hoc and meet on an as-needed basis.
3.1.2 New Financial Instruments.		→			Assessment Report: Market needs for new financial instruments, impediments, and recommended enhancements.	Year 2. Scope of work for NASD advisors to be finalized with USAID.
	▶	▲	▲	Training: Workshops for business and financial market association on new financial instruments	Ongoing activity. Carried out training in margin trading, short selling, and securitization.
3.1.3 Plan and execute public awareness campaigns.	▶▶▶	Press Forums/Publications: Series of publications and regular press forums on financial instruments and markets.	Deliverable completed for Year 1: <ul style="list-style-type: none"> Press Forum Sept. 19. Chairman Serai El Din presented CMA strategy for 2006. Publication: "Guide for Issuers of Asset-backed Securities"
	▲	▲	▲			
3.2 Market and Regulatory Capacity Enhanced for New Instruments						
Focus Area	Q1	Q2	Q3	Q4	Deliverable/Output	Status
3.2.1 Enhance the CMA market rules and regulations.		→			New rules and regulations for new instruments issued.	Deliverable completed: New NFI introduced <ul style="list-style-type: none"> Margin trading and short-selling rules approved by CMA and issued by Ministerial Decree June 9, 2005. Draft disclosure and reporting rules specific to various asset-backed securities delivered to CMA June 19, 2005 CMA BOD approved draft amendments to the securitization executive amendment
		▲				
3.2.2 Enhance protection of investors in new financial instruments through the Investor Protection Fund.		→			Needs assessment and necessary computer equipment procured for Investor Protection Fund and training in IPF operations.	Deliverable completed: Preliminary needs assessment. Upon further discussions with the CMA and MCS D it was decided that EFS will not procure computer equipment but will continue offering technical assistance when requested.

3.2.3	Organize a study tour for the CMA, MOI, CASE and MCDR staffs.					Study tour to US market institutions on regulator and broker activities in margin trading and short selling.	Deliverable cancelled at CMA's request.
3.2.4	Provide training for market regulatory and operational staff in the new rules and regulations.					Market and regulatory staffs appropriately trained in new rules and regulations.	Deliverable completed: Training <ul style="list-style-type: none"> Securitization: CMA and issuers trained. Margin Trading: CMA staff trained. Short selling Internal Procedures Manual to be completed upon adoption of CMA securitization rule. Broker--Dealer Regulation and Enforcement Program. Bahrain, May 2005
						Broker--Dealer Regulation and Enforcement Program	
3.2.5	Establish a dual-accreditation system.					Accreditation-training system for qualifying market professionals is developed.	
3.2.6	Enhance the regulatory framework for mutual funds to conform to international standards.					New regulations for mutual funds are developed.	Year 2
3.2.7	Remove impediments on activating the supply and demand for fixed-income securities.					Study: Activation of Secondary Market for Fixed-Income Securities.	Enhancements recommended at investor and banking level; under consideration by CMA. Work continues to identify and address impediments to activation of the secondary bond market.
3.2.8	Enhance the legal and regulatory framework for financial leasing and factoring.					New regulatory framework for financial leasing and factoring is developed. Special unit at CMA is established and trained in rules and processes of financial leasing and factoring.	Deliverable completed: Regulatory Framework for Factoring (Technical Report No. 27) delivered to USAID December 22, 2005.
3.2.9	Workshops for judges and prosecutors on new instruments, laws and regulations.					Needs assessment workshops: Needs assessment of judiciary training needs and workshops on new financial instruments.	Deliverable completed for Year 1. Informational presentation convened June 9-11 for 40 judges and prosecutors.

3.3	Modernized Collateral Registry in Operation to Secure Interest in Personal (Movable) Property						
Focus Area		Q1	Q 2	Q3	Q4	Deliverable/Output	Status
3.3.1	Establish Collateral Registry Working Group.		➡			Collateral Registry Working Group established and operational.	In agreement with GAFI, the authority housing the collateral registry and leasing, attention in Q3 and Q4 focused on leasing. Work on this KRA will be initiated in Year 2.
3.3.2	Present an overall vision for the collateral registry.	➡			Workshops on functions, requirements, international standards and best practices of collateral registry for interests in personal property.	
3.3.3	Assess existing registry.			➡		Assessment Report: An assessment of existing registry system and recommendations for enhancement.	
3.3.4	Conduct an observational tour of collateral registries.				●	Study Tour: A study tour of one or more relevant model collateral registries.	
3.3.5	Develop a strategy and implementation plan for the collateral registry.				➡	Strategy/Implementation Plan: Plan for establishing a modern collateral registry is developed and submitted to the MOI for approval.	
3.4	Enhanced Capacity of Courts to Mediate Secured Lending Disputes						
Focus Area		Q1	Q 2	Q3	Q4	Deliverable/Output	Status
3.4.1	Review possible restructuring of courts to deal with secured-lending transactions				➡	Assessment Report: Assessment of the current judicial system for secured-lending disputes and review of possible alternatives with recommendations.	Year 2.
3.4.2	Recommend draft legal framework for proposed court restructuring.				➡	Draft legal framework for proposed court restructuring.	

Task 4: Establish Credit Information System							
4.1	Strengthen the Capacity of CBE for Oversight of Private Information Systems and Protection of Consumer Rights					KEY: Activity start and end Event/ Program  Ongoing activity  Delivered  	
Focus Area		Q1	Q 2	Q3	Q4	Deliverables / Output	Status
4.1.1	Assist the CBE in consolidating its role as a credit bureau regulator and licensor.					Develop and establish an operating framework.	Credit bureau licensing requirements, drafted by EFS consultants in collaboration with the CBE, were formally approved by the CBE BOD. Draft rules and regulations were reviewed and revised, and are awaiting final CBE approval.
4.1.2	Review and assess present regulatory capability within CBE to oversee a private credit bureau.					Report: Review of credit bureau operation rules and regulations; requested by CBE. Final Report on credit bureau operations rules and regulations and a model for the CBE regulatory unit.	Deliverable completed: Credit Bureau Business Models, Success Factors and Technological Issues (Technical Report No. 16) delivered to USAID September 11, 005
4.1.3	Observational study tour to Turkey.					Study Tour to Turkey: Overview of Modern Multifunctional Credit Bureau. March 21-24, 2005.	Deliverable completed. Study Tour to Turkey: Overview of a Modern Multifunctional Credit Bureau March 21-24, 2005. Trip Report delivered to USAID May 2005.
4.1.4	Assist the CBE to consolidate its role as the authority that will oversee consumer protection as pertains to credit bureau operations.					Develop a communication strategy. Develop credit bureau information leaflet and incorporate information into CBE website.	Preliminary discussion have commenced with CBE. Credit Bureau leaflet and updating of website pending CBE BOD final approval of rules and regulations.
4.1.5	Assess the legislative framework.					Status Report: Legal/regulatory issues pertaining to the CBE's role as regulator and the establishment of a private credit bureau.	Deliverable completed. Legal Review: Licensing, Regulations and Central Bank of Egypt Oversight of Credit Bureau Operations (Technical Report #11)
4.1.6	Assist the CBE to review and assess IT requirements.					Assessment Report: Assessment of IT requirements necessary for monitoring private credit bureau operations and compliance with the law and regulations.	Discussions ongoing with CBE.
4.1.7	Training for CBE.					Rules and Regulations of Private Sector Credit Bureaus	EFS-suggested trainings postponed until CBE finalizes rules and regulations.

			●			Scorecards/Credit Scoring (Seminar) June, 2005.	
				●		Audit 411: SANS 17799 Security and Audit Frameworks (Short course in US).	
				●		Audit 507: Auditing Networks, perimeters and systems (Short course in US).	
4.2	Private Sector Credit Bureau Operational						
	Focus Area	Q1	Q 2	Q3	Q4	Deliverables / Output	Status
4.2.1	Review models of (several) credit bureaus.		→			Study of credit bureau models including findings from study tour to Turkey.	Status Report: Credit Bureau Models in Egypt (Technical Report #14)
4.2.2	Determine credit bureau licensing requirements.		→			Assessment/Status Report: Report on ideal licensing requirements and model set up for a private credit bureau.	Deliverable completed: <ul style="list-style-type: none"> Report: Credit Bureau Business Models: Success Factors and Technological Issues (Technical Report No.16) “Credit Bureau optimal ownership/management structure”. Presentation delivered Aug. 22, 2005 by ST Advisor Miguel Llenas made a presentation
4.2.3	Conduct a workshop targeting government agencies that provide information.				●	Training workshop: Government Agencies as Providers of Information.	In response to an EFS letter sent to the CBE September 27, 2005, EFS has received the go-ahead to move forward with this Activity.
4.2.4	Identify legal/regulatory impediments.		→			Review/Assessment Report: Review and assessment of existing legal/regulatory impediments.	Deliverable completed: Legal Review: Licensing, Regulations and CBE Oversight of Credit Bureau Operations (Technical Report No.11) Delivered to USAID August 28, 2005
4.2.5	Study and determine the best mechanism for government agencies and non-bank financial institutions to provide and share information with a private credit bureau			→		Report with recommendations.	Discussions ongoing. Coordinating efforts with MOI, the ministry that oversees a number of non-bank regulatory authorities. Work to be initiated in Year 2 in tandem with Activity 4.2.3.
4.2.6	Analyze the quality and timeliness of demographic and other essential information controlled by state agencies that will feed into a private credit bureau.			→		Report on findings.	In agreement with our counterpart CBE, EFS will focus on banks rather than government agencies at this time.

4.2.7	Examine and assess the IT capacity of the present credit reporting system that provides borrowers' credit information to the CBE Public Registry.					IT Assessment Report: Report on present IT capacity of the credit reporting system and interface design for existing automated information providers (banks and credit bureau)	Preliminary discussions underway.
4.3	System of Protection in Place for Consumer Right						
	Focus Area	Q1	Q 2	Q3	Q4	Deliverables / Output	Status
4.3.1	Review privacy, consumer protection, libel, or other Egyptian laws with regard to consumer rights and protection.					Status Report: Initial findings from review of laws, observations and recommended changes to ensure consumer protection and strengthen CBE's consumer protection unit.	Completed: “Legal Review: Licensing, Regulations and CBE Oversight of Credit Bureau Operations”. Technical Report #11 Delivered to USAID August 28, 2005
4.3.2	Assist CBE to build and strengthen a Consumer Protection Unit.					Develop information leaflet on consumer protection and privacy.	Discussions on publications and approaches to strengthening the CBE Consumer Protection Unit are ongoing. Publications will be developed and produced upon CBE BOD's approval of Rules and Regulations.

ANNEX 2: SHORT-TERM INTERNATIONAL ADVISORS FIELDLED THIS QUARTER

Name	Type of Specialist	Primary Area of Assistance	Target Dates		LOE Estimated
			Start	End	
TASK 1					
David Smith	Affordability Advisor	1.4 GSF	10-13	10-25	6 days US-based
David Wilkes	Senior Legal Advisor	1.2 Legal concept paper	11-11	11-23	10 days
Katherine Austin Barnes	Mortgage	1.1 Strengthen MFA Institutional Capacity	12-07	12-22	15 days
Mark Bates	Appraisal	1.3. Appraisal training	12-09	12-22	12 days
Jim Vernor	Appraisal	1.3 Appraisal training	12-09	12-22	12 days
Katherine Austin Barnes	Mortgage	1.1 Strengthen MFA Institutional Capacity	12-07	12-22	15 days
TASK 2					
Faris Sayegh	Business Reengineering	2.1.3 and 2.1.6 Business processes	09-17	10-17	28 days
Justin Holl	Property Rights Registration & Legal	2.1.7, 2.1.11 and 2.1.13 Legal review	09-26	11-11	40 days
Richard Gaynor	Real Property Legal	2.1.7, 2.1.11 and 2.1.13 Legal review	10-01	11-04	31 days
Noel Taylor	Cadastre & Mapping	2.1.7, 2.1.10, 2.2.1 and 2.3.1 Cadastre	10-07	11-01	23 days
			11-20	12-22	29 days
Richard Gaynor	Real Property Legal	2.1.7, 2.1.11 and 2.1.13 Legal review	11-28	12-21	21 days
Noel Taylor	Cadastre and Mapping	2.1.7, 2.1.10, 2.2.1 and 2.3.1 Cadastre	11-20	12-22	29 days
Peter Rabley	Registry Systems and Cadastre	2.2 and 2.3 Automation design	11-25	12-11	15 days
Sergey L. Lizenko	Senior Systems Analyst and Document Management	2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7 and 2.2.8 Functionality requirements	10-21	12-08	42 days completed
David Sims	Urban Land Administration Advisor	2.1.7 Housing market assessment	10-16	12-12	28 days
Raewyn Porter	Land Formalization Specialist	2.3.1 and 2.3.8	10-28	12-12	40 days
Nigel Edmead	Senior Systems Analyst/GIS Specialist	2.3.6 and 2.3.8	11-11	12-02	20 days
TASK 3					
Elaine Weis	Liquidity Facility Advisor	3.2.10	12-27	12-28	2 days
Stephen Strauss	Factoring Advisor	3.2.7 Factoring	11-19	12-01	10 days completed
TASK 4					
Miguel Llenas	Credit Bureau	4.2 Develop a detailed organization structure, internal policies and procedures, application of	10-09	11-01	23 days
			12-10	12-20	10 days

		principles of corporate governance and code of ethics for ESTEALAM			
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ANNEX 3: TRAINING EVENT/ ACTIVITIES DELIVERED DURING QUARTER

Type of Event	Program title	Date	Location	Task	Participants		
					Male	Female	Total
Training	Egyptian Primary Mortgage Market	Dec. 4 - 8	Cairo	1	12	2	14
Training TOT	Market Analysis and Highest Best Use	Dec. 13 -14	Cairo	1	16	2	18
Training	International Valuation Standards	Dec. 15	Cairo	1	16	2	18
Training	English-language training for MFA staff		Cairo	1	3	4	7

ANNEX 4: LIST OF DIRECT PROCUREMENT DURING THIS QUARTER

None.

ANNEX 5: EGYPT FINANCIAL SERVICES PROJECT LONG- AND SHORT-TERM STAFF

Project Management, Administration and Support

Allen Decker	Chief of Party
François-Jude Pépin	Deputy Chief of Party and Task 3 Team Leader
Hanaa El Bashari	Operations Manager/Monitoring and Evaluation Specialist
Nadia Moustafa	Senior Executive Assistant and Office Manager
Amir F. Francis	IT Manager
Gamal Kamel	Financial Manager
Mahira El Kassas	Accountant
Noha Fathy El Haddad	Translation and Publications Specialist
Sahar El Helaly	Translator/Interpreter
Lamia Bakr	Secretary/Receptionist

Task Management

Task 1: Mortgage Team

Kevin O'Brien	Task 1 Team Leader/ Senior Real Estate Advisor
Manal Shalaby	Senior Financial Advisor
Amal Ezz El-Din	Mortgage Finance Advisor
Lamia El Zufzafy	Organization Development Specialist
Aser Obeid	Research Assistant
Perihan Khairat	Research Assistant
Mirale El Azhary	Administrative Assistant

Task 2: Registration Team

Dougal Menelaws	Task 2 Team Leader/Senior Consultant
Fatma Abdel Kader	Cadastral Systems IT Specialist
Hassem Hemeda	Real Property Registry IT Specialist
Mahmoud M. Moussa	Administrative Assistant

Task 3: Financial Instruments Team

François-Jude Pépin	Team Leader
Ahmed Hussein El Sayed	Senior Financial Advisor
Shamsnoor Abdul Aziz	Senior Legal Advisor
Mahmoud Abdel Alim	Legal Research Assistant
Rehab Seif	Administrative Assistant

Task 4: Credit Bureau Team

Marian S. Mishriki	Task 4 Team Leader/ Financial/Credit Specialist
Hanaa Hanafy	Administrative Assistant

Cross-Cutting Teams

Information Technology

Ibrahim Sabri	Senior IT Advisor
Hisham El Masry	IT Operations and Procurement Specialist
Amani Zeitoun	IT System Specialist

Training

Amy Hagan
Noha Sobhi
Lubna Salem
Sherry Samir Henien

Training Manager
Association Development Specialist
Training Specialist
Training Administrative Assistant

Public Awareness

Marwa El Maghraby
Nancy Amer

Senior Communications and Public Relations Advisor
Public Awareness Specialist

Short-term Staff

Rehab Nour
Karen Roland

Task 2 Systems Project Manager
Editor, M&E Reports Specialist